This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 2, 2022

NEW ISSUE **TAX ANTICIPATION NOTES**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See "Tax Matters" herein).

The District will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.

CONNETQUOT CENTRAL SCHOOL DISTRICT OF ISLIP
SUFFOLK COUNTY, NEW YORK

$40,000,000* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES
(the "Notes")

Date of Issue: September 29, 2022 **Maturity Date: June 28, 2023**

The Notes are general obligations of the Connetquot Central School District of Islip, in Suffolk County, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, subject to certain statutory limitations. (See "*The Tax Levy Limit Law*" herein.)

The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in registered form and, at the option of the purchaser(s), the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

If the Notes are registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidders.

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of $5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See *"Book-Entry-Only System"* herein).

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on September 15, 2022 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. Munistat Services, Inc. has served as Municipal Advisor to the District in connection with the issuance of the Notes. It is expected that delivery of the Notes will be made in New York, New York or as otherwise agreed on or about September 29, 2022.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE DISTRICT FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINING DISCLOSURE FOR THE NOTES, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

September , 2022

*Preliminary, subject to change.

CONNETQUOT CENTRAL SCHOOL DISTRICT OF ISLIP
SUFFOLK COUNTY, NEW YORK

780 Ocean Avenue
Bohemia, New York 11716
Telephone: 631/244-2203
Fax: 631/244-2275

2022-2023 BOARD OF EDUCATION

Jaclyn Napolitano-Furno, President
Milynn Augulis, Vice President

Lee Kennedy, Trustee
Marissol Mallon, Trustee
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Superintendent of Schools
Lynda G. Adams, Ed.D.

Assistant Superintendent for Business and Operations
Robert Hauser, CPA

District Clerk
Jessie Kemp

District Treasurer
Diana DeCicco

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR

Munistat
Municipal Financial Advisory Service
Since 1977

12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
(631) 331-8888

E-mail: info@munistat.com
Website: http://www.munistat.com

No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

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OFFICIAL STATEMENT

CONNETQUOT CENTRAL SCHOOL DISTRICT OF ISLIP
SUFFOLK COUNTY, NEW YORK

Relating To

$40,000,000* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES
(the "Notes")

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the Connetquot Central School District of Islip in the County of Suffolk, State of New York (the "District," "County" and "State," respectively) in connection with the sale of $40,000,000* Tax Anticipation Notes for 2022-2023 Taxes (the "Notes").

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has affected education, travel, commerce, financial markets globally and economic growth worldwide. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this world-wide event. (See "RISK FACTORS" and "IMPACT OF COVID-19" herein.)

THE NOTES

Description

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof.

The District will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is as follows: Robert Hauser, Assistant Superintendent for Business, Connetquot Central School District, 780 Ocean Avenue, Bohemia, New York 11716, Phone (631) 244-2215, Fax (631) 244-2275 and email: rhauser@ccsdli.org.

Optional Redemption

The Notes will not be subject to redemption prior to their maturity.

Book-entry-only System

In the event that the Notes are issued in book-entry form, DTC will act as securities depository for the Notes and the Notes will be issued as fully-registered notes registered in the name of Cede & Co., (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

*Preliminary, subject to change.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

Authorization for and Purpose of Notes

The Notes are issued pursuant to the Constitution and laws of the State, including Sections 24.00 and 39.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a tax anticipation note resolution adopted by the Board of Education of the District to finance cash flow requirements in anticipation of the collection of 2022-2023 real property taxes levied for school purposes on all taxable real property in the District. The proceeds of the Notes may be used only for the purposes for which such taxes have been or are to be levied, as specified in the 2022-2023 annual budget of the District, unless all of said purposes have been paid and satisfied, in which case the proceeds of the notes may be used for any lawful school purpose. The proceeds of the Notes will not be used for the redemption or renewal of any outstanding tax anticipation or revenue anticipation notes.

Pursuant to Section 24.00(e) of the Local Finance Law, generally, whenever the amount of the Notes and any additional tax anticipation notes issued by the District in anticipation of the receipt of 2022-2023 real property taxes equals the amount of such taxes remaining uncollected, the District is required to set aside in a special bank account all of such uncollected taxes as thereafter collected, and to use the amounts so set aside only for the purpose of paying such Notes. Interest on the Notes will be provided from budget appropriations.

Security and Source of Payment

Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District, subject to certain statutory limitations imposed by the Chapter 97 of the New York Laws of 2011, as amended. See "*Tax Levy Limit Law*" herein.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law, (herein referred to as the "Tax Levy Limit Law" or "Law"), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy, with the amount of such year to year increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes (such as the Notes), revenue anticipation notes, budget notes and deficiency notes, and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "*The Tax Levy Limit Law,"* herein.)

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the District default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. The Notes are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, any permanent repeal by statute or constitutional amendment of a bondholder's and/or noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owner of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank* v. *Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank* v. *Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically, this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk* v. *Municipal Assistance Corp*., 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of bondholders and/or noteholders, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

SECTION 99-B OF THE STATE FINANCE LAW APPLICABLE TO SCHOOL DISTRICTS

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section of the SFL.

NO PAST DUE DEBT

No principal or interest payment on District indebtedness is past due. The District has never defaulted in the payment of the principal of and/or interest on any indebtedness.

BANKRUPTCY

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

THE DISTRICT

Description

The District is located on the south shore of Long Island and encompasses approximately 21 square miles. It is wholly within the Town of Islip and includes the unincorporated communities of Ronkonkoma, Bohemia and Oakdale, as well as parts of Sayville, West Sayville and Lake Ronkonkoma. The population in the District is estimated at approximately 40,557. It is primarily residential in character, with a variety of shopping centers and local businesses.

The District is served by the Long Island Railroad, which maintains stations at Ronkonkoma and Oakdale. Major roadways include Montauk Highway, Veterans Memorial Highway, Sunrise Highway and the Long Island Expressway. In addition, a portion of the MacArthur Airport is located within the District, providing facilities for several major airlines.

The area is served by Suffolk County Water Authority, with gas and electricity provided by National Grid and the PSEG Long Island, respectively. Police protection is furnished by the Suffolk County Police Department and fire protection is provided by the Lakeland, Bohemia and West Sayville Fire Departments.

District Organization

The District is an independent entity governed by an elected board of education comprised of five members. District operations are subject to the provisions of the Education Law affecting school districts; other statutes applicable to the District include the General Municipal Law, the Local Finance Law and the Real Property Tax Law.

Members of the Board of Education are elected on a staggered term basis by qualified voters at the annual election of the District (held on the third Tuesday in May). The term of office for each board member is 3 years and the number of terms that may be served is unrestricted. A president is selected by the board from its members and also serves as the chief fiscal officer of the District. The Board of Education is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

The Board of Education appoints the Superintendent of Schools who serves at the pleasure of the Board. Such Superintendent is the chief executive officer of the District and the education system. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities under the direction of the Board of Education. Also, certain of the financial functions of the District are the responsibility of the Superintendent of Schools and the Assistant Superintendent for Business and Operations.

Enrollment History

The following table presents the past school enrollment for the District.

School Year	School Enrollment
2019	5,843
2020	5,856
2021	5,695
2022	5,268
2023	5,196

Source: District Officials.

Projected Future Enrollment

The following table presents the projected future school enrollment for the District.

School Year	School Enrollment
2024	5,115
2025	5,018
2026	5,015

Source: District Officials.

District Facilities

The District operates eleven schools and offices; statistics relating to each are shown below.

Name of School	Grades	Date of Construction	Capacity
Duffield Elementary School	K-5	1960	428
Slocum Elementary School	K-5	1922	359
Cherokee Elementary School	K-5	1962	629
Sycamore Elementary School	K-5	1960	393
Pearl Elementary School	K-5	1951	250
Bosti Elementary School	K-5	1969	376
Idle Hour Elementary School	K-5	1967	304
Ronkonkoma Junior High School	6-8	1969	698
Oakdale-Bohemia Junior High School	6-9	1969	698
Connetquot High School	9-12	1964	1,903
Premm Learning Center		Leased to BOCES	

Source: District Officials.

Employees

The collective bargaining agents, if any, which represent employees and the dates of expirations of the various collective bargaining agreements are as follows:

Name of Union	Expiration Date of Contract [a]	Approx. No. of Members
CSEA - Transportation	06/30/2022	139
CSEA - Operations	06/30/2022	149
Connetquot Clerical Assn.	06/30/2022	125
Connetquot Teachers Assistants and Aides	06/30/2022	257
Connetquot Teachers.	06/30/2021	651
Principals Assn.	06/30/2022	29
Supervisors/Administrators	06/30/2017	2

a. Expired contracts are subject to negotiations.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics for the Town of Islip, Suffolk County and New York State.

Year	Town of Islip	Suffolk County	New York State
1980	298,899	1,284,231	17,557,288
1990	299,754	1,321,864	17,990,455
2000	322,612	1,419,369	18,976,457
2010	335,543	1,493,350	19,378,102
2020	330,584	1,481,364	19,514,849

Source: U.S. Bureau of the Census.

Income Data

Income Data is not available for the District as such. The smallest areas for which such statistics are available (which include the District) are the Town of Islip and the County of Suffolk. The information set forth below with respect to such Town, County and State is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the Town, County or State or vice versa.

	Per Capita Money Income			
	1990	2000	2010	2020[a]
Town of Islip	$16,778	$23,699	$30,388	$40,347
County of Suffolk	18,481	26,577	35,411	46,466
State of New York	16,501	23,389	30,791	40,898

	Median Household Income			
	1990	2000	2010	2020[a]
Town of Islip	$50,212	$65,359	$81,028	$103,629
County of Suffolk	49,128	65,288	84,235	105,362
State of New York	32,965	43,393	55,217	71,117

Source: United States Bureau of the Census
a. Based on American Community Survey 5-Year Estimate (2016 – 2020)

Major Employers in the Town of Islip

Name	Estimated No. of Employees	Primary Business Activity
Good Samaritan Hospital	3,500	Hospital
NBTY	2,500	Vitamins, Minerals & Nutrients
Southside Hospital	2,500	Hospital
Computer Associates International	2,450	Software
Broadridge Financial Services	1,900	Payroll/Data Services
Entenmann's Bakery	600	Food Products
Positive Promotions	600	Manufacturer of Promotional Products
Creative Bath	550	Manufacturers of Bathroom Accessories
Wenner Bread Products	550	Food Products
Dayton T. Brown, Inc.	500	Test Lab & Metal Products
Data Device	500	Electronic Components
Verizon	300	Communications/Call Center
Norris Food Services	300	Manufacturer of Prepared Foods
G.E. Aviation	250	Electronic Test-Equipment& Aircraft Systems
CMB Wireless	250	Remanufacturer of Cell Phones

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the Town of Islip. The information set forth below with respect to such Town and the County of Suffolk is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the Town or the County, or vice versa.

Annual Averages:	Town of Islip (%)	Suffolk County (%)	New York State (%)
2017	4.5	4.5	4.7
2018	4.5	3.9	4.1
2019	3.7	3.7	4.0
2020	9.3	9.0	10.4
2021	5.0	4.9	7.2
2022 (5 Month Average)	3.4	3.3	4.6

Source: Department of Labor, State of New York.

INDEBTEDNESS OF THE DISTRICT

Constitutional and Statutory Requirements

The New York State Constitution and Local Finance Law limit the power of the District (and other municipalities and school districts of the State) to issue obligations and to contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the District and the Notes:

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual, or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes (such as the Notes) or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the period of probable usefulness of the object or purpose determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purpose for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. (See *"The Tax Levy Limit Law"* herein).

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The Board of Education, as the finance board of the District, has the power to enact tax anticipation note resolutions. Such resolutions may authorize the issuance of tax anticipation notes in an aggregate principle amount necessary to fund anticipated cash flow deficits but in no event exceeding the amount of real property taxes levied or to be levied by the District, less any tax anticipation notes previously issued and less the amount of such taxes previously received by the District.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board may delegate the power to sell the Notes to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any school district purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

The following table sets forth the computation of the debt limit of the District and its debt contracting margin:

Computation of Debt Limit and Debt Contracting Margin
(As of September 2, 2022)

In Town of:	Assessed Valuation	State Equalization Rate (%)	Full Valuation
Islip (2021-2022) [a]	$689,390,852	9.28	$7,428,780,733
Debt Limit - 10% of Average Full Valuation			742,878,073
Inclusions: [b]			
Outstanding Bonds			13,895,000
Bond Anticipation Notes			35,267,162
Total Indebtedness			49,162,162
Exclusions (Estimated Building Aid) [C]			25,532,018
Total Net Indebtedness Before Issuing the Notes			23,630,144
Net Debt Contracting Margin			$719,247,930
Per Cent of Debt Contracting Margin Exhausted			3.18%

a. The latest completed assessment rolls for which a State Equalization Rate have been established.
b. Tax Anticipation Notes, Energy Performance Lease and Revenue Anticipation Notes are not included in computation of the debt contracting margin of the District.
c. Represents estimate of moneys receivable by the District from the State as an apportionment for debt service for school building purposes, based on the most recent information received by the District from the State Department of Education. The amount shown is not necessarily the amount the District will ultimately receive. The District has not applied for a building aid exclusion certificate from the Commissioner of Education and therefore may not exclude such amount from its total indebtedness on the Debt Statement form required to be filed with the Office of the State Comptroller when bonds are to be issued.

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the District has bond anticipation notes outstanding in the amount of $35,267,162 for various improvements and alterations, which mature on July 6, 2023.

Trend of Outstanding Indebtedness
As at June 30:

	2018	2019	2020	2021	2022
Bonds	$29,200,000	$35,190,000	$28,145,000	$20,900,000	$15,280,000
BANs	8,500,000	0	0	0	18,000,000
Other	0	0	0	0	0
Totals:	$37,700,000	$35,190,000	$28,145,000	$20,900,000	$33,280,000

Debt Service Requirements - Outstanding Bonds [a]

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	$ 5,860,000	$ 599,500	$ 6,459,500
2024	3,820,000	317,875	4,137,875
2025	550,000	159,750	709,750
2026	550,000	143,250	693,250
2027	550,000	126,750	676,750
2028	550,000	110,250	660,250
2029	550,000	93,750	643,750
2030	550,000	77,250	627,250
2031	550,000	60,750	610,750
2032	575,000	43,875	618,875
2033	575,000	26,625	601,625
2034	600,000	9,000	609,000
Totals:	$15,280,000	$1,768,625	$17,048,625

a. Does not include payment made to date

2013 Energy Performance Contract

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	$ 928,257	$ 50,084	$ 978,341
2024	950,200	28,142	978,342
2025	483,490	5,681	489,171
Totals:	$2,361,947	$ 83,907	$2,445,854

2021 Energy Performance Contract

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	$1,284,182	$ 329,232	$ 1,613,414
2024	1,306,495	306,919	1,613,414
2025	1,329,195	284,219	1,613,414
2026	1,352,289	261,125	1,613,414
2027	1,375,785	237,629	1,613,414
2028	1,399,689	213,725	1,613,414
2029	1,424,009	189,405	1,613,414
2030	1,448,751	164,663	1,613,414
2031	1,473,922	139,492	1,613,414
2032	1,499,531	113,883	1,613,414
2033	1,525,585	87,829	1,613,414
2034	1,552,092	61,322	1,613,414
2035	1,579,059	34,355	1,613,414
2036	799,789	6,918	806,707
Totals:	$19,350,374	$2,430,716	$21,781,090

Tax Anticipation Notes

The District has generally found it necessary to borrow from time to time in anticipation of taxes, which borrowing is necessitated by the schedule of real property tax and State aid revenue payments.

The following is a history of such tax and revenue anticipation note borrowings for the five most recent fiscal years:

Fiscal Year Ending June 30:	Amount	Type	Issue	Maturity
2017-18	$38,000,000	TAN	08/30/17	06/27/18
2018-19	31,300,000	TAN	09/06/18	06/27/19
2019-20	36,500,000	TAN	09/24/19	06/25/20
2020-21	40,000,000	TAN	09/15/20	06/25/21
2021-22	47,500,000	TAN	09/01/21	06/24/22

Authorized and Unissued Debt

As of the date of this Official Statement, the District has authorized and unissued indebtedness in the amount of $800,000 for various alterations and improvements and $59,869,837 of authorized and unissued debt for various District-wide improvements.

FINANCES OF THE DISTRICT

Impact of COVID-19

In December of 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was enacted as the second act of federal relief in response to COVID-19. The CRRSA Act provides approximately $4.3 billion to support schools in the State, with the funds available to be spent through September 2023. This is in addition to the $1.2 billion in Federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding, which can be spent through September 2022. The CRRSA Act provides the State with $4.0 billion through the Elementary and Secondary School Emergency Relief (ESSER) Fund and $323 million through the Governor's Emergency Education Relief (GEER) Fund. Districts may generally use these funds for broad purposes, including general operating and pandemic-related costs such as purchasing personal protective equipment. Additionally, the State has been allocated approximately $9.0 billion under the American Rescue Plan (ARP) Act's Elementary and Secondary School Emergency Relief Fund (ESSER).

The District has received $245,436 in CARES Act funding. The District is expected to receive a total of $7,932,267 through CRRSA and ARP funding and has received $283,964 to date. (See also "*State Aid*" herein.)

Independent Audit

The financial affairs of the District are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the District has complied with the requirements of various state and federal statutes. The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2021. A copy of such report is included herein as Appendix C.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the GML, the District is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the District, itself; (5) certificates of participation issued in connection with installment purchase agreements entered into by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, in obligations of the District.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML.

The Board of Education of the District has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

Fund Structure and Accounts

The General Fund is the general operating fund for the District and is used to account for substantially all revenues and expenditures of the District. The District also maintains a special aid fund, school lunch fund and special purpose fund. In addition, a capital projects fund is used to record capital facility projects, while an agency fund accounts for assets received by the District in a fiduciary capacity.

Basis of Accounting

The district-wide and fiduciary fund financial statements are reported on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transaction, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the related expenditures are incurred.

The fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Budget Process

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring, the budget is developed and refined in conjunction with the school building principals and department supervisors. The District's budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See *"The Levy Limit Law"* herein).

On May 17, 2022, a majority of the voters of the District approved the District's budget for the 2022-2023 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2021-2022 and 2022-2023 may be found in Appendix A, herein.

Revenues

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District and State aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A.

Real Property Taxes

See *"Tax Information"* herein.

State Aid

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the school districts can be paid only if the State has such monies available for such payment.

The following table sets forth the percentage of the District's General Fund revenue comprised of State aid for each of the fiscal years 2017 through 2021, and the amounts budgeted for 2022 and 2023.

Fiscal Year Ending June 30:	General Fund Total Revenue	State Aid	State Aid to Revenues (%)
2017	179,299,623	53,753,243	29.98
2018	186,859,901	58,743,464	31.44
2019	185,329,155	57,320,706	30.93
2020	187,913,089	55,894,470	29.74
2021	190,432,798	54,828,498	28.79
2022 (Budgeted)	203,581,707	55,556,721	27.29
2023 (Budgeted)	207,420,876	54,149,396	26.11

Source: Audited Financial Statements of the District and Adopted Budgets of the District.

a. Budgeted revenues include the application of reserves and fund balance.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See "*STAR – School Tax Exemption*" herein).

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19 the State initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19 including closing schools and non-essential businesses for an extended period. The use of federal stimulus funds has allowed the State to avoid gap closing measurements; however, the State may be required to implement gap closing measurements in the future. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State's 2022-23 Enacted Budget provides $31.3 billion in State funding to school districts for the 2022-23 school year the highest level of State aid ever. This represents a year-to-year funding increase of $2.1 billion or 7.07% and includes $21.4 billion of Foundation Aid which increased 8.1% from 2021-22. The 2022-23 school year increase in Foundation Aid primarily reflects the second year of the three-year phase-in of full funding of the current Foundation Aid formula.

The State's 2022-23 Enacted Budget also increases the State's annual investment in prekindergarten to $1.1 billion, an increase of $125 million, or 13%. The Enacted Budget also includes a total of $100 million of matching funds over two years to be provided to school districts and BOCES with the highest needs to address student wellbeing and learning loss in response to the trauma brought about by the COVID-19 pandemic. This includes support for extended school day or school year programs, afterschool programs, mental health professionals and other locally determined initiatives.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. The State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State's 2022-23 Enacted Budget was adopted on April 9, 2022. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, the COVID-19 pandemic, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revisions. Reductions in federal funding levels could have a materially adverse impact on the State budget.

In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of state aid could adversely affect the financial condition of school districts in the State.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance law to provide operating funds by borrowing in anticipation of the receipt of uncollected State Aid.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as Foundation Aid. The stated purpose of Foundation Aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive $5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date. (See also "*School district fiscal year (2021-2022)*" under the subheading "*Events Affecting State Aid to New York School Districts*" herein.)

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross education inadequacies", claims regarding State funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Kathy Hochul announced that New York State has reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing this much-needed funding to our students. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the historic Campaign for Fiscal Equity cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2021, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of Foundation Aid funding is set forth below:

- FY 2022: $19.8 billion, covering 30% of the existing shortfall
- FY 2023: Approximately $21.3 billion, covering 50% of the anticipated shortfall
- FY 2024: Approximately $23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts

Events Affecting State Aid to New York School Districts

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years. However, as discussed below the COVID-19 pandemic has affected and is expected to continue to affect State aid to school district.

School district fiscal year (2018-2019): The State's 2018-2019 Budget provided for school aid of approximately $26.7 billion, an increase of approximately $1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State 2018¬2019 Budget continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans.

School district fiscal year (2019-2020): The State's 2019-2020 school year, the State's Enacted Budget included a total of $27.9 billion for School Aid, a year-to-year funding increase of approximately $1.2 billion. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education will continue in full, as is the State's usual practice. Transportation aid increased by approximately 4.5% and building aid increased by approximately 3.7%. The State 2019¬2020 Enacted Budget continued to link school aid increases for 2019-2020 and 2020-2021 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was expected to total $27.9 billion, an annual increase of approximately $100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over $200 million in support for competitive grant programs, including $1 million for development of a new Civics Education curriculum and $10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid was continued under existing aid formulas. Out-year growth in School Aid reflect current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues came in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "*State Aid*" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget and recent releases by the State regarding the projected revenue shortfalls in such budget.

School district fiscal year (2021-2022): For the 2021-2022 school year, the State's Enacted budget provided $29.5 billion in State funding to school districts for the 2021-2022 school year through School Aid, the highest level of State aid ever, supporting the operational costs of school districts that educate 2.5 million students statewide. This investment represented an increase of 11.3% ($3.0 billion) compared to the 2020-2021 school year, including a $1.4 billion (7.6%) Foundation Aid increase. The Enacted budget allocated $13 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, will help schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The Budget allocated $629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the Budget used $105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-2022 school year.

School district fiscal year (2022-2023): For the 2022-2023 Enacted Budget provides $31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of $2.1 billion or 7.2% compared to the 2021-2022 school year and includes a $1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-2023 Enacted Budget also programs $14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, is designed to assist schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocates $100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increases federal funds buy $125 million to expand access to full-day prekindergarten programs for four-year old children in school districts statewide in the 2022-23 school year.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the remainder of the current fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Risk Factors*").

Expenditures

The major categories of expenditure for the District are General Support, Instruction, Employee Benefits, Pupil Transportation and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

The State Comptroller's Fiscal Stress Monitoring System and OSC Compliance Reviews

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school districts and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the Office of the State Comptroller (OSC). Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 6.7%; Environmental Score: 10.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit was released on November 1, 2019. The purpose of the audit was to determine whether the Board and District Offices effectively managed the District's financial condition. The complete report, along with the District's response, may be found on the OSC's official website.

References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Employee Pension System

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System ("TRS"). Employer pension payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System ("ERS"). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year's full-time service contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, the Governor signed in to law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010 and before March 31, 2012. ERS employees contribute 3% of their salaries and TRS employees contribute 3.5% of their salaries. There is no provision for these employee contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier 6 for employees hired after April 1, 2012. This new pension tier has progressive employee contribution rates between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier is 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at $15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of $75,000 or more.

Under current law, the employer pension payments for a given fiscal year are based on the value of the pension fund on the prior April 1 thus enabling the District to more accurately include the cost of the employer pension payment in its budget for the ensuing year. In addition, the District is required to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower payment possible. The annual employer pension payment is due on February 1 of each year.

Due to poor performance of the investment portfolio of TRS and ERS during the recent financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially. To help mitigate the impact of such increases, various forms of legislation have been enacted that permitted school districts to amortize a portion of its annual employer pension payments. The District has not amortized any of its employer pension payments pursuant to such legislation and expects to continue to pay all payments in full when due.

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established a TRS reserve fund in the 2018-2019 fiscal year.

The following chart represents the TRS and ERS required contributions for each of the last five completed fiscal years and the amounts budgeted for the 2023 fiscal year.

Fiscal Year Ending June 30:	TRS	ERS
2018	$7,031,728	$2,979,242
2019	7,930,998	2,812,802
2020	6,580,365	2,859,798
2021	8,041,098	3,554,084
2022 (Unaudited)[a]	7,293,759	3,149,142
2023 (Budgeted)	8,266,137	2,772,433

Source: District Officials.

a. Unaudited, results are preliminary and subject to change following the completion of the audit.

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended June 30, 2018, the District adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 75, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the employer's current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost. Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

The District's total OPEB liability at June 30, 2021 is as follows:

Total OPEB Liability at June 30, 2020	$328,377,634
Charges for the Year:	
Service Cost	13,965,757
Interest	7,490,339
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	(8,132,327)
Changes in Assumptions or Other Inputs	5,076,098
Benefit Payments	(6,865,609)
Net Changes	11,534,258
Total OPEB Liability at June 30, 2021	$339,911,892

The OSC has recently proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments. The District cannot predict at this time whether such proposed legislation will be enacted into law. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District has decided to continue funding the expenditure on a pay-as-you-go basis.

Should the District be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

In some recent years, OSC has proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments. The District cannot predict at this time whether such proposed legislation will be enacted into law. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District has decided to continue funding the expenditure on a pay-as-you-go basis.

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TAX INFORMATION

Real Property Taxes

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the Town of Islip. Assessment valuations are determined by the Town assessors and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations; however, see "*The Tax Levy Limit Law*" herein for a discussion of certain statutory limitation that have been imposed.

The following table sets forth the percentage of the District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2017 through 2021, and the amounts budgeted for 2022 and 2023.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2017	$179,299,623	$107,483,538	59.95
2018	186,859,901	109,162,193	58.42
2019	185,329,155	109,811,461	59.25
2020	187,913,089	114,906,005	61.15
2021	190,432,798	119,450,982	62.73
2022 (Budgeted)	203,581,707	132,245,824	64.96
2023 (Budgeted)	207,420,876	134,875,000	65.02

Source: Audited Financial Statements of the District and Adopted Budgets of the District.

a. Budgeted estimates for real property taxes include STAR. Budgeted estimates for total revenues do not include appropriations of fund balance.

Tax Collection Procedure

Property taxes for the District, together with County, Town and Fire District taxes, are collected by the Town Tax Receivers. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and 10% after May 31.

The Town Tax Receivers distribute the collected tax money to the Towns, fire and school districts prior to distributing the balance collected to the County. Uncollected amounts are not segregated by the Receivers and any deficiency in tax collection is the County's liability. The District thereby is assured of full tax collection.

The Tax Levy Limit Law

Chapter 97 of the New York Laws of 2011, as amended, (herein referred to as the "Tax Levy Limit Law" or "Law") modified previous law by imposing a limit on the amount of real property taxes that a school district may levy.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes (such as the Notes), revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $86,000 or less, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $66,800 for the 2018-19 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of $500,000 are eligible for a $30,000 "full value" exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The State 2017-18 Enacted Budget included changes to Chapter 60. STAR checks are now expected to be mailed out prior to the date that school taxes are payable. The amount of the check will be based on the previous year's amount adjusted by the levy growth factor used for the property tax cap. Any changes that must be made based on the final STAR credit compared to the estimate used will be factored into the subsequent year's STAR credit check or taxpayers also may account for those changes in their State income taxes.

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to $250,000, compared with a $500,000 limit for the Credit. The amount of the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

The State's 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to $250,000, compared with a $500,000 limit for the credit.

Approximately 15% of the District's 2021-2022 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 15% of the District's 2022-2023 school tax levy is expected to be exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2023. (See *"State Aid"* herein).

Valuations, Rates and Levies

The following table sets forth District's assessed and full valuations, tax rates and levies for each of the years 2018 through 2022.

Fiscal Year Ending June 30	Assessed Valuation	State Equal Rate (%)	Full Valuation	Tax Rate Per $1,000 Assessed Valuation	Tax Levy
2018	$685,536,739	12.12	$5,656,243,721	176.45	$122,227,071
2019	684,898,410	11.35	6,034,347,225	178.23	125,771,459
2020	686,626,107	10.77	6,375,358,468	182.92	125,774,415
2021	688,913,157	9.70	7,102,197,495	188.03	129,668,313
2022	689,390,852	9.28	7,428,780,733	191.64	132,247,455

Source: Town Officials.

Selected Listing of Large Taxable Properties in the District
2021-2022 Assessment Roll

Name	Type	Assessed Valuation
Heatherwood House	Apartments	$8,219,800
Long Island Power Athority	Utility	6,477,222
Fortunato Development Inc.	Commercial	4,640,950
Ronkonkoma Realty	Hotel & Office Building	4,282,800
WORC Realty Company Inc.	Real Estate	4,112,903
Birchwood On The Green	Apartments	3,755,474
305 Locust LLC	Home for Aged	3,747,500
NBTY Inc.	Manufacturing & Processing	3,304,300
Sunrise Properties Association	Apartments	3,257,500
Bohemia Land Holdings LLC	Office Building	2,933,000
Keyspan Gas East	Utility	2,621,894
Long Island Lighting Company	Utility	2,332,500
REP A-2027 LLC	Commercial	2,186,800
Greenview Common	Office Building	2,097,000
201 Comac St LLC	Commercial	1,837,600
	Total [a]	$55,807,243

a. Represents 8.10% of the total assessed valuation of the District for 2021-2022.
Source: Town Assessment Rolls

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the District, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which, if determined against the District, would have an adverse material effect on the financial condition of the District.

The District is the subject of three Child Victim Act claims and details of each case are as follows;

The first plaintiff, Jane Doe, (proceeding anonymously per Court Order permitting same), is a former student who alleges being sexually abused by her elementary school teacher during the 1980-81 school year. Plaintiff has filed a demand in this case of $500,000. The parties have agreed to mediation. Further, the District is in the process of searching for available insurance coverage. Given that the District has established a reserve fund for these three cases in the amount of $1,376,092, it does not appear that a settlement in this case would have a materially adverse effect on the District.

The second suit was filed under the Child Victims Act on August 9, 2021, by another former student of the same elementary teacher identified in the first case discussed above. In this matter, the Plaintiff, MY, claims she was the victim of sexual abuse by the teacher during the 1981-1982 school year. The parties have agreed to mediation. Further, the District is in the process of searching for available insurance coverage. Given that the District has established a reserve fund for these three cases in the amount of $1,376,092, it does not appear that a settlement in this case would have a materially adverse effect on the District.

In the final action the Child Victims Act, the Plaintiff therein is a former District student who alleges being sexually abused by his teacher in and around the years 1997-1999. To date, Plaintiff has not made a formal demand for settlement. Plaintiff recently testified at his deposition that many of the instances of sexual abuse alleged in the Complaint did not occur. This matter has also secured insurance coverage. Based on Plaintiff's testimony to date, it does not appear that any potential exposure in this case would be in an amount greater than the available insurance coverage. If the insurance coverage does not cover the expense, the District will use the reserve fund that was established to pay the costs.

If necessary, the District may issue bonds to cover the expense of any judgment not covered by insurance.

CYBERSECURITY

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial. The District has implemented Multi-Faceted Authorization (MFA) to access all software on the programs residing on the District's network as recommended by the District's cybersecurity insurance company.

RISK FACTORS

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the District's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell all or a part of the Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Notes are sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 pandemic and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for extended periods. The spread of the outbreak or resurgence could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*TAX MATTERS*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Notes. (See "*The Tax Levy Limit Law*" under "TAX INFORMATION" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the District could impair the financial condition of such entities, including the District and the ability of such entities, including the District to pay debt service on the Notes.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificate, will certify to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of the Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a "Discount Note"), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner's adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "note premium" on that Note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, could adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) or such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, substantially as set forth in Appendix D hereto.

DISCLOSURE UNDERTAKING

In order to assist the purchasers of the Notes in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the District will execute an "Undertaking to Provide Continuing Disclosure", substantially in the form of which is attached hereto as Appendix E.

RATING

The Notes are not rated. Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, has assigned a rating of "Aa2" to the outstanding long-term bonds of the District. Such rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from the respective rating agency. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of agency circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price and the availability of a secondary market for the outstanding bonds and notes of the District.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the business office of the District: Robert Hauser, Assistant Superintendent for Business, Connetquot Central School District, 780 Ocean Avenue, Bohemia, New York 11716, Phone (631) 244-2215, Fax (631) 244-2275 and email: rhauser@ccsdli.org. or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District's management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District's documents or oral presentation, the words "anticipate", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the District also assume no liability or responsibility for any errors or omissions or unauthorized editing or for any updates to dated website information.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be, in fact, realized. This Official Statement is not to be construed as a contract or agreement between the District and the original purchasers or owners of any of the Notes.

By: s/s JACLYN NAPOLITANO-FURNO
President of the Board of Education
Connetquot Central School District of Islip
Bohemia, New York

September , 2022

APPENDIX A

FINANCIAL INFORMATION

Balance Sheet
General Fund

	Fiscal Year Ended June 30 2020	2021
Assets:		
Cash	$ 57,046,259	$ 49,184,776
Receivables:		
Accounts Receivable	16,155	22,599
Due From Other Funds	5,090,077	5,730,465
Due from State and Federal	1,708,778	1,465,818
Due From Other Governments	5,645,847	5,505,342
Total Assets	$ 69,507,116	$ 61,909,000
Liabilities:		
Payables:		
Accounts Payable	$ 3,587,350	$ 1,309,325
Accrued Liabilities	1,749,860	731,663
Due To Other Funds	10,261,050	1,989,470
Due To Other Governements	110,904	10,631
Due To Teachers' Retirement System	6,995,364	7,819,545
Due To Employees Retirement System	747,673	883,899
Compensated Absences Payable	840,015	257,747
Other Liabilities		117,797
Unearned Credits - Collections in Advance	1,042	798,435
Total Liabilities	$ 24,293,258	$ 13,918,512
Deferred Inflows of Resoures:		
Unavailable Revenues	664,164	
Fund Balances:		
Nonspendable:	$ 404,208	$ 537,964
Restricted:		
Workers' Compensation	6,207,459	5,930,102
Unemployment Insurance	201,325	601,930
Retirement Contributions	13,184,293	12,531,455
Insurance	374,966	1,376,092
Employee Benefit Accrued Liability	9,149,146	10,341,348
Capital	190,714	191,287
Repairs	203,398	204,009
Assigned	3,600,000	6,163,967
Unassigned	11,034,185	10,112,334
Total Fund Balances	44,549,694	47,990,488
Total Liabilities and Fund Balances	$ 69,507,116	$ 61,909,000

Sources: Audited Financial Statement (2020-2021)
NOTE: This table NOT audited

Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
Revenues:					
Real Property Taxes	$ 107,483,538	$ 109,162,193	$ 109,811,461	$ 114,906,005	$ 119,450,982
Other Tax Items	16,222,081	16,179,711	15,549,199	14,227,918	13,596,691
Charges for Services	195,889	217,529	407,175	465,037	242,104
Use of Money and Property	573,708	914,119	1,199,919	1,005,155	647,899
Sale of Property & Compensation for Loss	528,449	371,160	163,954	336,535	334,423
Miscellaneous	487,016	1,206,936	759,865	998,225	1,239,957
Interfund Revenues	17,484	52,372	58,205	45,846	45,479
State Sources	53,753,243	58,743,464	57,320,706	55,894,470	54,828,498
Medicad Reimbursement	38,215	12,417	58,671	33,898	46,765
Total Revenues	179,299,623	186,859,901	185,329,155	187,913,089	190,432,798
Expenditures:					
General Support	17,755,959	19,737,145	19,335,046	19,062,865	20,144,854
Instruction	93,541,679	100,127,930	99,375,407	100,065,561	101,608,019
Pupil Transportation	8,783,646	8,747,433	8,827,433	8,920,286	9,109,948
Employee Benefits	41,656,005	42,296,495	44,672,689	43,944,599	45,452,624
Debt Service	10,135,105	22,486,725	10,218,478	10,104,913	9,846,559
Total Expenditures	171,872,394	193,395,728	182,429,053	182,098,224	186,162,004
Excess (Deficit) of Revenues Over Expenditures	7,427,229	(6,535,827)	2,900,102	5,814,865	4,270,794
Other Sources and Uses:					
Operating Transfers In				1,322,244	
Operating Transfers (Out)	(4,195,949)	(3,046,686)	(5,602,533)	(10,576,057)	(830,000)
Total Other Sources and Uses	(4,195,949)	(3,046,686)	(5,602,533)	(9,253,813)	(830,000)
Fund Balance - Beg. of Year	57,042,306	60,273,586	50,691,073	47,988,642	44,549,694
Other Changes in Fund Equity					
Fund Balance - End of Year	$ 60,273,586	$ 50,691,073	$ 47,988,642	$ 44,549,694	$ 47,990,488

Sources: Audited Financial Statements of the District (2017-2021)
NOTE: This table NOT audited

Budget Summaries

	Fiscal Years Ending June 30: 2022(a)	Fiscal Years Ending June 30: 2023(b)
Revenues:		
Real Property Taxes	$ 132,245,824	$ 134,875,000
Miscellaneous	3,300,000	5,909,523
State Sources	55,556,721	54,149,396
Appropriated Fund Balance	4,458,874	5,638,262
Workers Compensation Reserve	1,600,000	1,900,000
Employee Benefit Accrued Liability Reserve	1,100,000	650,000
Unemployment Reserve	400,000	25,000
Debt Service Fund	12,304	
TRS Reserve	1,492,984	1,501,263
ERS Reserve	3,415,000	2,772,432
Total Revenues	$ 203,581,707	$ 207,420,876
Expenditures:		
General Support	$ 21,263,015	$ 22,160,501
Instruction	108,017,127	107,926,634
Pupil Transportation	10,334,990	10,754,392
Employee Benefits	52,556,926	55,678,092
Interfund Transfers	1,231,264	825,000
Debt Service	10,178,385	10,076,257
Total Expenditures	$ 203,581,707	$ 207,420,876

(a) Approved by the voters of the District on May 18, 2021.
(b) Approved by the voters of the District on May 17, 2022.

APPENDIX B

CASH FLOWS

CONNETQUOT CENTRAL SCHOOL DISTRICT OF ISLIP

CASH FLOW SUMMARY 2021-2022 ACTUAL

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance*	17,878	12,883	7,651	49,116	35,695	23,404	9,239	68,444	58,303	67,942	52,442	49,245	17,878 (1)
Receipts:													
Property Taxes (2)						3,106	68,292	1,503	844	2,151	23,754	29,824	129,474 (2)
PILOT	196				1,339		717	498	35	18	226	660	3,689
STAR Payment							9,164						9,164
State Aid	2,203	1,457	4,311	1,857	1,876	4,479	683	201	22,400		3,434	3,912	46,813
Interest	12	13	14	14	13	14	13	13	16	14	14	20	170
Other Receipts	1,635	119	2,154	612	279	92	1,810	1,830	1,302	215	1,101	910	12,059
Transfers								1,000					1,000
TAN Proceeds			48,038										48,038
Total Receipts	4,046	1,589	54,517	2,483	3,507	7,691	80,679	5,045	24,597	2,398	28,529	35,326	250,407
Disbursements													
Salary and Benefits	4,637	4,406	10,194	11,477	11,111	18,483	12,465	11,362	12,549	12,346	11,052	26,224	146,306
Other Expenses	1,066	1,783	826	3,595	3,455	2,641	2,666	3,093	1,777	3,613	2,698	3,048	30,261
Debt Service	2,273		807				5,078	99		807			9,064
TAN Repayment Provision											17,676	29,824	47,500
TAN Interest Payments												580	580
Transfers		100	600	300	700	200	200	100	100	600	300	350	3,550
Public Library	1,065	532	625	532	532	532	1,065	532	532	532			6,479
Total Disbursements	9,041	6,821	13,052	15,904	15,798	21,856	21,474	15,186	14,958	17,898	31,726	60,026	243,740
Balance (End of Month)	12,883	7,651	49,116	35,695	23,404	9,239	68,444	58,303	67,942	52,442	49,245	24,545	24,545
TAN Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	17,676	0
Receipts	0	0	0	0	0	0	0	0	0	0	17,676	29,824	47,500
Disbursements	0	0	0	0	0	0	0	0	0	0	0	47,500	47,500
Closing Balance	0	0	0	0	0	0	0	0	0	0	17,676	0	0

(1) Balance as of June 30, 2021.
(2) Includes Library Tax

* The July 1, 2021 opening balance does not include approximately $31.1 million in Reserve Funds. In the 2010-11 fiscal year the District reviewed certain of its financial and cash management practices and as of July 1, 2011, the use of moneys in certain reserve funds that have been established by the Board of Education pursuant to applicable law must be restricted to the purposes for which such reserves were established. Such reserve funds are accounted for pursuant to Generally Accepted Accounting Principles in the District's General Fund, but it is the District's intent not to use these reserve funds to pay for General Fund operating expenses.

CONNETQUOT CENTRAL SCHOOL DISTRICT OF ISLIP

CASH FLOW SUMMARY 2022-2023 PROJECTED

	Jul	Aug	Sep	Oct	Nov	Dec 1-23	Dec 24-31	Jan	Feb	Mar	Apr	May	Jun	Total	
Balance *	24,545	19,418	15,566	49,867	37,250	26,273	2,767	9,369	73,438	63,032	72,904	57,022	63,031	24,545	(1)
Receipts:															
Property Taxes (2)							3,168	69,651	1,533	861	2,194	24,227	30,417	#######	(2)
PILOT	196				1,339			717	498	35	18	226	660	3,689	
STAR Payment								9,164						9,164	
State Aid	2,203	2,969	4,823	2,869	2,888		3,870	683	201	23,412		4,446	3,912	52,276	
Interest	12	13	14	14	13		14	13	13	16	14	14	20	170	
Other Receipts	1,635	119	2,154	612	279		92	1,810	1,830	1,302	215	1,101	910	12,059	
Transfers									1,000					1,000	
TAN Proceeds			40,000											40,000	
Total Receipts	4,046	3,101	46,991	3,495	4,519	0	7,144	82,038	5,075	25,626	2,441	30,014	35,919	#######	
Disbursements															
Salary and Benefits	4,730	4,494	10,398	11,707	11,333	19,873		11,694	11,589	12,800	12,593	11,273	26,748	#######	
Other Expenses	1,086	1,817	842	3,663	3,520	2,691		2,716	3,151	1,811	3,681	2,749	3,106	30,833	
Debt Service	2,273		807					2,474	99		807			6,460	
TAN Repayment Provision												9,583	30,417	40,000	
TAN Interest Payments													1,050	1,050	
Transfers		100	100	200	100	400			100	600	700	400	350	3,050	
Public Library	1,084	542	543	542	543	542	542	1,085	542	543	542			7,050	
Total Disbursements	9,173	6,953	12,690	16,112	15,496	23,506	542	17,969	15,481	15,754	18,323	24,005	61,671	#######	
Balance (End of Month)	19,418	15,566	49,867	37,250	26,273	2,767	9,369	73,438	63,032	72,904	57,022	63,031	37,279	37,279	
TAN Repayment Account															
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	9,583	0	
Receipts	0	0	0	0	0	0	0	0	0	0	0	9,583	30,417	40,000	
Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	40,000	40,000	
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	9,583	0	0	

* The July 1, 2022 opening balance does not include approximately $32.5 million in Reserve Funds. In the 2010-11 fiscal year the District reviewed certain of its financial and cash management practices and as of July 1, 2011, the use of moneys in certain reserve funds that have been established by the Board of Education pursuant to applicable law must be restricted to the purposes for which such reserves were established. Such reserve funds are accounted for pursuant to Generally Accepted Accounting Principles in the District's General Fund, but it is the District's intent not to use these reserve funds to pay for General Fund operating expenses.

(1) Balance as of June 30, 2022.
(2) Includes Library Tax

CONNETQUOT CENTRAL SCHOOL DISTRICT OF ISLIP

APPENDIX C

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND /OR UPDATED BY THE DISTRICT'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORT IN THIS OFFICIAL STATEMENT HAS NOT BEEN REQUESTED NOR OBTAINED.

CONNETQUOT CENTRAL SCHOOL DISTRICT

Excellence in Education

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS
June 30, 2021

CONNETQUOT CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS

VINCENT D. CULLEN, CPA
(1950 – 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Connetquot Central School District
Bohemia, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary fund of the Connetquot Central School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and qualified audit opinions.

1650 ROUTE 112, PORT JEFFERSON STATION, NEW YORK 11776-3060
PHONE: 631-473-3400 FAX: 631-473-4863 WWW.CDLLP.NET

Summary of Opinions

Opinion Unit	**Type of Opinion**
Governmental Activities	Unmodified
General Fund	Unmodified
Special Aid Fund	Unmodified
School Food Service Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Extraclassroom Activities Fund	Qualified
Scholarships Fund	Unmodified
Permanent Fund	Unmodified
Fiduciary Fund	Unmodified

Basis for Qualified Opinion on the Extraclassroom Activities Fund

The records of the extraclassroom activities fund of the Connetquot Central School District were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

Qualified Opinion

In our opinion, except for the effect of any adjustments that might have been necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the "Basis for Qualified Opinion on the Extraclassroom Activities Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the extraclassroom activities fund of the Connetquot Central School District, as of June 30, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, other than the extraclassroom activities fund, and the fiduciary fund of the Connetquot Central School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As described in Note 2 to the financial statements, "Changes in Accounting Principles," the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, as of June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios on pages 4 through 17 and 57 through 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Connetquot Central School District's basic financial statements. The other supplementary information on pages 62 through 65 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021 on our consideration of the Connetquot Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Connetquot Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Connetquot Central School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

October 21, 2021

The Connetquot Central School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021 in comparison with the year ended June 30, 2020, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- The District's total net position was a deficit of $149,071,479 in the district-wide financial statements at June 30, 2021, compared to a deficit of $130,604,645 at June 30, 2020. The deficit increased $18,466,834 over the prior year due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.

- The District's total net position at June 30, 2020 was restated and increased by $251,149, which is due to the required implementation of GASB Statement No. 84, *Fiduciary Activities*, during the 2021 fiscal year.

- On the district-wide financial statements, the District's expenses for the year totaled $214,991,367. Of this amount $7,041,503 was offset by program charges for services, operating grants and contributions, and capital grants. General revenues of $189,483,030 amount to 96.42% of total revenues, and were not adequate enough to cover the balance of program expenses.

- The District's general fund fund balance, as reflected in the fund financial statements was $47,990,488 at June 30, 2021. This balance represents a $3,440,794 increase (7.72%) over the prior year due to an excess of revenues over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting. Nonspendable fund balance increased by $133,756, which represents the change in the reserve for advance. Restricted fund balances increased $1,664,922 due to funding of reserves and interest allocated to reserves, offset by the use of reserves. Assigned fund balance increased $2,563,967 as the District increased the fund balance appropriated to fund the 2022 budget and included an assignment for encumbrances. Unassigned fund balance decreased $921,851 to $10,112,334.

- On May 21, 2019, the voters authorized district-wide capital improvement projects not to exceed $45,758,075. The approved projects are to be funded through the issuance of bonds not to exceed $36,067,162 and $9,690,913 from capital reserve funds. No debt has been issued to date on this authorization. A total of $13,609,600 has been expended as of June 30, 2021.

- On April 13, 2021, the Board authorized the District to enter into and energy performance contract for the purpose of making energy efficient improvements at District buildings and facilities not to exceed $21,240,702. The debt has been fully issued at June 30, 2021 and work is expected to begin during the 2021–2022 fiscal year.

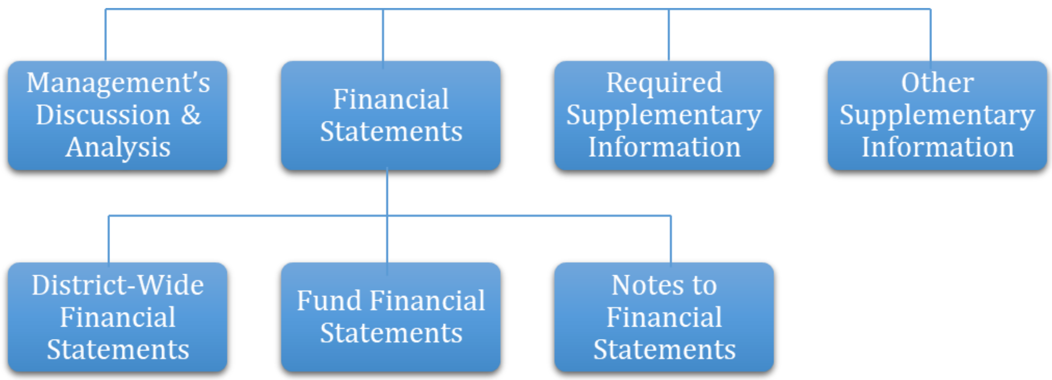
- The District's 2021 property tax levy of $129,665,481 was a 3.10% increase over the 2020 tax levy. The District's property tax cap was 3.10%.

- The District was awarded funding under the Coronavirus Aid Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief (ESSER) Program and the Governor's Emergency Education Relief (GEER) Program in the amount of $245,436. The District applied for additional funding in the amount of $5,111,645 allocated under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act which were granted in September 2021.

- The budget for the 2021-2022 school year in the amount $203,581,707 was approved by the voters on May 18, 2021.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (MD&A), the financial statements, required supplementary information, and other supplementary information. The financial statements consist of district-wide financial statements, fund financial statements, and notes to financial statements.



A. District-Wide Financial Statements

The district-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

<u>The Statement of Net Position</u>

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's school buildings and other facilities.

<u>The Statement of Activities</u>

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary fund.

<u>Governmental Funds</u>

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, claims and judgments, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds: general fund, special aid fund, school food service fund, debt service fund, capital projects fund, extraclassroom activities fun, scholarships fund and permanent fund. Each of which is considered to be a major fund and is presented separately in the fund financial statements.

<u>Fiduciary Funds</u>

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in a separate statement. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

3. <u>FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE</u>

A. Net Position

Certain balances at June 30, 2021 were adjusted as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities,* which are required the District to record activities in the Governmental Funds that had previously been recorded in the Fiduciary Funds. Consequently, the District now includes the agency fund activities in the general fund, and the extraclassroom activities, scholarship funds, and permanent fund as separate governmental funds. These changes resulted in an increase to total net position. The following is a summary of those changes:

	As Restated June 30, 2020	As Reported June 30, 2020	Increase (Decrease)
Current and Other Assets	$ 70,474,019	$ 69,786,983	$ 687,036
Current and Other Liabilities	17,567,149	17,131,262	435,887
Restricted Net Position	34,096,821	33,988,215	108,606
Unrestricted Net Position (Deficit)	(265,850,267)	(265,992,810)	142,543
Total Net Position (Deficit)	(130,604,645)	(130,855,794)	251,149

The District's total net position (deficit) increased by $18,466,834 between fiscal year 2020 and 2021. The deficit increase is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	June 30, 2021	As Restated June 30, 2020	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	$ 83,034,646	$ 70,474,019	$ 12,560,627	17.82 %
Capital Assets, Net	140,903,317	133,448,452	7,454,865	5.59 %
Net Pension Asset - Proportionate Share		11,711,193	(11,711,193)	(100.00)%
Total Assets	223,937,963	215,633,664	8,304,299	3.85 %
Deferred Outflows of Resources	136,087,160	138,903,735	(2,816,575)	(2.03)%
Liabilities				
Current and Other Liabilities	15,638,016	17,567,149	(1,929,133)	(10.98)%
Long-Term Liabilities	67,732,330	55,743,344	11,988,986	21.51 %
Net Pension Liabilities - Proportionate Share	12,325,411	16,440,987	(4,115,576)	(25.03)%
Total OPEB Liability	339,911,892	328,377,634	11,534,258	3.51 %
Total Liabilities	435,607,649	418,129,114	17,478,535	4.18 %
Deferred Inflows of Resources	73,488,953	67,012,930	6,476,023	9.66 %
Net Position (Deficit)				
Net Invested in Capital Assets	116,734,548	101,148,801	15,585,747	15.41 %
Restricted	31,216,415	34,096,821	(2,880,406)	(8.45)%
Unrestricted (Deficit)	(297,022,442)	(265,850,267)	(31,172,175)	11.73 %
Total Net Position (Deficit)	$ (149,071,479)	$ (130,604,645)	$ (18,466,834)	14.14 %

The increase in current and other assets is primarily due to an increase in the District's cash position as a result of current year operations.

The increase in capital assets, net is due to capital asset additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 10 "Capital Assets" provides additional information.

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System net pension asset, at the measurement date of the respective year. In the current year the District's proportionate share shifted from an asset to a liability. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State" provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years, and the amount of deferred charges from the bond refunding that is being amortized over the remaining term of the bonds.

The decrease in current and other liabilities is primarily due to decreases in accounts payable, accrued liabilities, and compensated absences, offset by an increase in the amount due to teachers' retirement system.

The increase in long-term liabilities is primarily due to the District committing to an energy performance contract, offset by scheduled bond and installment purchase indebtedness payments and a decrease in the workers' compensation liability.

Net pension liabilities – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability at the measurement date of the respective year. The District's share of the New York State Teachers' Retirement System's collective net pension liability is also included in the current year balance. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State" provides additional information.

Total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 16 "Postemployment Healthcare Benefits," provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation and related outstanding debt. The accompanying Other Supplementary Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District's reserves. This number decreased from the prior year principally due to the use of reserves to fund the budget.

The unrestricted deficit amount relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability.

B. Changes in Net Position

The June 30, 2020 revenues and expenses were increased, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*, As follows:

	As Restated June 30, 2020	As Reported June 30, 2020	Increase (Decrease)
Charges for Services	$ 2,003,463	$ 1,311,740	$ 691,723
Operating Grants & Contributions	4,503,452	4,492,436	11,016
Instruction Expense	169,619,172	168,885,905	733,267

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

	June 30, 2021	As Restated June 30, 2020	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 532,828	$ 2,003,463	$ (1,470,635)	(73.40)%
Operating Grants & Contributions	5,506,871	4,503,452	1,003,419	22.28 %
Capital Grants	1,001,804		1,001,804	100.00 %
General Revenues				
Property Taxes and STAR	129,668,867	125,777,104	3,891,763	3.09 %
State Sources	54,164,334	56,558,634	(2,394,300)	(4.23)%
Other	5,649,829	5,739,616	(89,787)	(1.56)%
Total Revenues	196,524,533	194,582,269	1,942,264	1.00 %
Expenses				
General Support	28,531,049	27,251,931	1,279,118	4.69 %
Instruction	169,777,101	169,619,172	157,929	0.09 %
Pupil Transportation	13,366,901	14,482,849	(1,115,948)	(7.71)%
Debt Service - Interest	1,394,405	1,542,762	(148,357)	(9.62)%
Food Service Program	1,921,911	2,214,105	(292,194)	(13.20)%
Total Expenses	214,991,367	215,110,819	(119,452)	(0.06)%
Decrease in Net Position	$ (18,466,834)	$ (20,528,550)	$ 2,061,716	(10.04)%

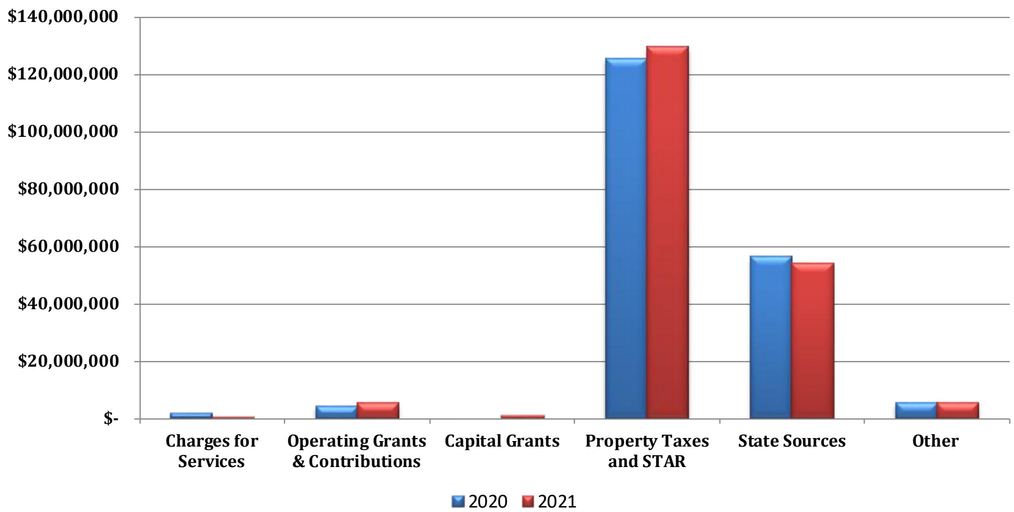
The District's net position decreased by $18,466,834 and $20,528,550 for the years ended June 30, 2021 and 2020, respectively.

The District's revenues increased by $1,942,264 or 1.00%. The major factors that contributed to the increase were increases to property taxes and STAR in accordance with the voter-approved budget, operating grants and contributions as a result of CARES Act funding for the food service program, and capital grants, as a result of capital improvements funded by the SMART Schools Bond Act, offset by a decrease in state sources due to reductions in the District's state aid.

The District's total expenses for the year decreased by $119,452 or 0.06%.

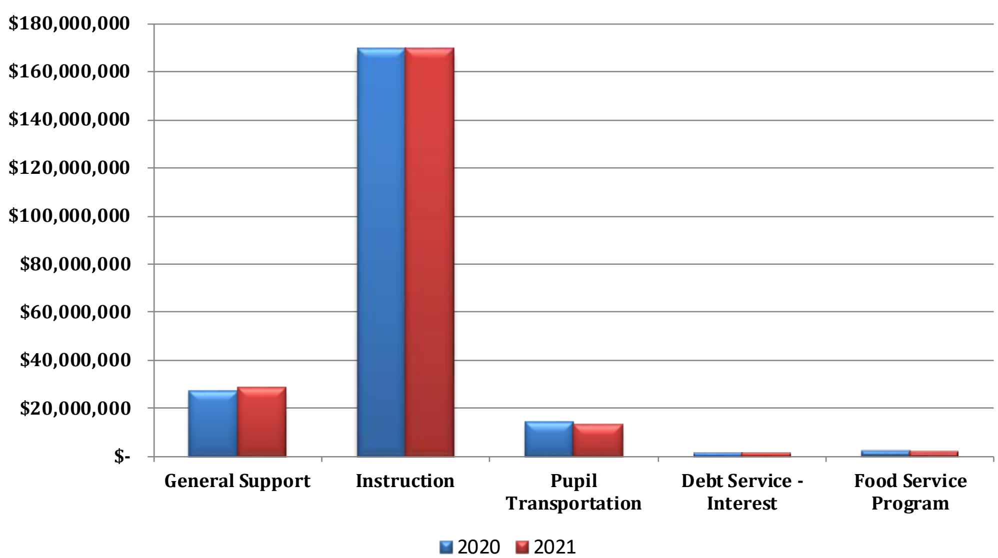
As indicated on the graphs that follow, property taxes and STAR is the largest component of revenues recognized (i.e., 66.0% and 64.6% of the total for the years 2021 and 2020, respectively). Instruction expense is the largest category of expenses incurred (i.e., 79.0% and 78.9% of the total for the years 2021 and 2020, respectively).

A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes and STAR	State Sources	Other
2020	1.0%	2.3%	0.0%	64.6%	29.1%	3.0%
2021	0.3%	2.8%	0.5%	66.0%	27.6%	2.8%

A graphic display of the distribution of expenses for the two years follows:



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2020	12.7%	78.9%	6.7%	0.7%	1.0%
2021	13.3%	79.0%	6.2%	0.6%	0.9%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2021, the District's governmental funds reported a combined fund balance of $66,856,500, which is an increase of $15,353,924 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting. The June 30, 2020 amounts were restated to include the extraclassroom activities, scholarships, and permanent funds as a result of the implementation of GASB Statement No. 84. A summary of the change in the components of fund balance by fund is as follows:

	June 30, 2021	As Restated June 30, 2020	Increase (Decrease)	Percentage Change
General Fund				
Nonspendable: Advance	$ 537,964	$ 404,208	$ 133,756	33.09 %
Restricted:				
Workers' compensation	5,930,102	6,207,459	(277,357)	(4.47)%
Unemployment insurance	601,930	201,325	400,605	198.98 %
Retirement contribution				
Teachers' retirement system	3,002,527	2,884,300	118,227	4.10 %
Employees' retirement system	9,528,928	10,299,993	(771,065)	(7.49)%
Insurance	1,376,092	374,966	1,001,126	266.99 %
Employee benefit accrued liability	10,341,348	9,149,146	1,192,202	13.03 %
Capital	191,287	190,714	573	0.30 %
Repairs	204,009	203,398	611	0.30 %
Assigned:				
Appropriated fund balance	4,458,874	3,600,000	858,874	23.86 %
Unappropriated fund balance	1,705,093		1,705,093	100.00 %
Unassigned: Fund balance	10,112,334	11,034,185	(921,851)	(8.35)%
	47,990,488	44,549,694	3,440,794	7.72 %
Special Aid Fund				
Unassigned: Fund balance (deficit)	(22,502)	-	(22,502)	100.00 %
School Food Service Fund				
Nonspendable: Inventory	10,246	13,192	(2,946)	(22.33)%
Unassigned: Fund balance (deficit)	(537,964)	(404,208)	(133,756)	33.09 %
	(527,718)	(391,016)	(136,702)	34.96 %
Debt Service Fund				
Restricted: Debt	14,249	12,304	1,945	15.81 %
Capital Projects Fund				
Restricted:				
Capital reserve		4,464,610	(4,464,610)	(100.00)%
Unspent bond proceeds	21,240,702		21,240,702	100.00 %
Assigned: Unappropriated fund balance		2,615,835	(2,615,835)	(100.00)%
Unassigned: Fund balance (deficit)	(2,093,708)		(2,093,708)	100.00 %
	19,146,994	7,080,445	12,066,549	170.42 %

	June 30, 2021	As Restated June 30, 2020	Increase (Decrease)	Percentage Change
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	$ 136,658	$ 142,543	$ (5,885)	(4.13)%
Scholarships Fund				
Restricted: Scholarships	25,943	16,218	9,725	59.96 %
Permanent Fund				
Nonspendable: Scholarships	92,388	92,388	-	0.00 %
Total Fund Balance	$ 66,856,500	$ 51,502,576	$ 15,353,924	29.81 %

A. General Fund

The net change in the general fund – fund balance is an increase of $3,440,794 compared to a decrease of $3,438,948 in 2020. This resulted from expenditures and other financing uses in excess of revenues and other financing sources.

The District's revenues increased by $1,197,465 or 0.63%, as compared to the prior year. This increase is primarily attributable to increases in property taxes, offset by decreases in state sources and operating transfers in. The increase in property taxes is due to an increase in the tax levy in accordance with the 2020-2021 budget. The decrease in state sources is due to reductions in the District's allocation of state aid and the decrease in operating transfers in is the result of a one- time transfer from the debt service fund in the prior year.

Expenditures and other financing uses decreased by $5,682,277 or 2.95% from the prior year. The decrease was primarily due to a decrease in operating transfers out as the District transferred capital reserve funds to the capital projects fund in the prior year of $9,690,913, offset by increases in general support primarily because additional staff and supplies were required to meet the needs of COVID-19 requirements, instructional costs as additional staff were hired to meet the needs of COVID-19 and remote learning requirements, and employee benefits.

The following is a summary of the District's general fund restricted fund balance activity:

	Balance @ June 30, 2020	Use of Reserves	Interest	Funding	Balance @ June 30, 2021	Appropriated for June 30, 2022
Workers' compensation	$ 6,207,459	$ (1,400,000)	$ 18,643	$ 1,104,000	$ 5,930,102	$ 1,600,000
Unemployment insurance	201,325	(90,000)	605	490,000	601,930	400,000
Retirement contribution						
TRS	2,884,300	(1,435,131)	8,663	1,544,695	3,002,527	1,492,984
ERS	10,299,993	(2,915,000)	30,935	2,113,000	9,528,928	3,415,000
Insurance	374,966		1,126	1,000,000	1,376,092	
EBALR	9,149,146	(435,276)	27,478	1,600,000	10,341,348	1,100,000
Capital	190,714		573		191,287	
Repairs	203,398		611		204,009	
	$ 29,511,301	$ (6,275,407)	$ 88,634	$ 7,851,695	$ 31,176,223	$ 8,007,984

Additional detail regarding the capital reserve can be found in Note 20 "Restricted for Capital Reserve."

B. Special Aid Fund

The net change in the special aid fund - fund balance was a decrease of $22,502, which was the result of expenditures related to relief programs under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, for which funding was not approved by June 30, 2021.

C. School Food Service Fund

The net change in the school food service fund – fund balance was a decrease of $136,702, which was the current year operating loss, offset by a general fund budget transfer of $430,000.

D. Debt Service Fund

The net change in the debt service fund – fund balance was an increase of $1,945, the result of current year interest earnings.

E. Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of $12,066,549. The increase is the result of the proceeds of an energy performance contract for energy efficient capital improvements of $21,240,702 and state sources for grant revenues of $1,206,531 under the SMART Schools Bond Act in excess of expenditures for capital improvements of $10,380,684.

	Balance @ June 30, 2020	Use of Reserves	Funding	Balance @ June 30, 2021
May 2016	$ 4,464,610	$ (4,464,610)	$	$

F. Extraclassroom Activities Fund

The net change in the extraclassroom activities fund – fund balance is a decrease of $5,885, as a result of expenditures of $271,006 in excess of revenues of $265,121.

G. Scholarships Fund

The net change in the scholarships fund – fund balance is an increase of $9,725, as a result of donations of $30,309 and interest income of $56 in excess of scholarships awarded of $20,640.

H. Permanent Fund

The permanent fund – fund balance consists of nonspendable scholarship funds.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The District's general fund adopted budget for the year ended June 30, 2021 was $199,437,938. This amount was increased by budget revisions in the amount of $3,056,843 for a total final budget of $202,494,781.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was $129,665,481 in estimated property taxes and STAR.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of current and prior years' excess revenues over expenditures, net of transfers to reserves, appropriations to fund the subsequent year's budget, encumbrances, and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	$ 11,034,185
Fund Balance Appropriated for Budget Revision	(3,056,674)
Revenues Over Budget	934,822
Expenditures and Encumbrances Under Budget	13,797,684
Change in Nonspendable Fund Balance	(133,756)
Unused Appropriated Reserves	(64,724)
Allocation to Reserves	(7,940,329)
Appropriated to Fund the 2022 Budget	(4,458,874)
Closing, Unassigned Fund Balance	$ 10,112,334

Opening, Unassigned Fund Balance

The $11,034,185 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned.

Fund Balance Appropriated for Budget Revision

The District increased appropriations, of which $3,056,674 were funded by unassigned fund balance. The increase was needed to fund COVID-19 related expenditures. This decreased the unassigned portion of the general fund fund balance.

Revenues Over Budget

The 2020-2021 final budget for revenues was $189,497,976. Actual revenues recognized for the year of $190,432,798 exceeded estimates by $934,822. This variance contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2020-2021 final budget for expenditures was $202,494,781. Actual expenditures and other financing uses as of June 30, 2021 were $186,992,004 and outstanding encumbrances were $1,705,093. Combined the expenditures plus encumbrances for 2020-2021 were $188,697,097. The final budget variance was $13,797,684, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Change in Nonspendable Fund Balance

The District's general fund assets include a long-term receivable from the school food service fund that cannot currently be spent as a result of the operating deficits incurred by the fund and the fund's inability to repay the loan in a current period. Accordingly, an equal amount of fund balance is classified as nonspendable. The increase in nonspendable fund balance decreases unassigned fund balance.

Unused Appropriated Reserves

In the 2020-2021 budget, $6,340,131 of reserves were appropriated to reduce the tax levy. Due to lower than anticipated reserve expenditures, $64,724 of this funding from the employee benefit accrued liability reserve was not needed and, therefore, it was required to be returned to the reserve and is available for future use.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this Management's Discussion and Analysis details the allocation of interest earnings to the reserves.

Appropriated Fund Balance

The District has chosen to use $4,458,874 of the available June 30, 2021 unassigned fund balance to partially fund the 2021-2022 approved operating budget. As such, the June 30, 2021 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the unassigned fund balance at June 30, 2021 was $10,112,334. This amount is 4.97% of the 2021-2022 budget and is in excess of the statutory limit.

6. CAPITAL ASSETS, DEBT ADMINISTRATION AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At June 30, 2021, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital asset additions of $11,451,583 in excess of depreciation expense of $3,996,718 recorded for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2021 and 2020 is as follows:

	June 30, 2021	June 30, 2020	Increase (Decrease)
Land	$ 2,440,000	$ 2,440,000	$ -
Construction in progress	24,103,961	14,756,018	9,347,943
Buildings and improvements	109,851,513	111,797,627	(1,946,114)
Site improvements	298,136	379,169	(81,033)
Furniture and equipment	4,209,707	4,075,638	134,069
Capital assets, net	$ 140,903,317	$ 133,448,452	$ 7,454,865

B. Debt Administration

At June 30, 2021, the District had total bonds payable of $20,900,000 . The bonds were issued for district-wide and library improvements or the refunding of bonds originally issued for improvements. The decrease in outstanding debt represents principal payments. The District also had total installment purchase debt payable of $24,509,471. The increase in outstanding installment purchase debt is the result of a new energy performance contract entered into in excess of principal payments. A summary of the outstanding debt at June 30, 2021 and 2020 is as follows:

	Issue Date	Interest Rate	June 30, 2021	June 30, 2020	Increase (Decrease)
Bonds Payable					
	2009	2.5 - 5.0%	$	$ 1,850,000	$ (1,850,000)
	2011	2.0 - 5.0%	4,320,000	6,360,000	(2,040,000)
	2013	2.0 - 5.0%	6,825,000	8,880,000	(2,055,000)
	2018	5.00%	2,505,000	3,255,000	(750,000)
	2018	2.25 - 3.0%	7,250,000	7,800,000	(550,000)
			$ 20,900,000	$ 28,145,000	$ (7,245,000)
Installment Purchase Debt Payable					
	2013	2.35%	$ 3,268,769	$ 4,154,651	$ (885,882)
	2021	1.73%	21,240,702		21,240,702
			$ 24,509,471	$ 4,154,651	$ 20,354,820

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa2. The District's outstanding serial bonds at June 30, 2021 are approximately 2.94% of the District's debt limit.

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences and retirement incentive, which are based on employment contracts, and workers' compensation liability, retirement incentive liability, net pension liability – proportionate share and total other postemployment benefits liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2021 and 2020 is as follows:

	June 30, 2021	June 30, 2020	Increase (Decrease)
Compensated absences	$ 12,977,591	$ 12,964,141	$ 13,450
Workers' compensation	5,930,584	6,622,493	(691,909)
Retirement incentive liability	2,517,507	2,489,792	27,715
Net pension liability - proportionate share	12,325,411	16,440,987	(4,115,576)
Total OPEB liability	339,911,892	328,377,634	11,534,258
	$ 373,662,985	$ 366,895,047	$ 6,767,938

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 18, 2021, for the year ending June 30, 2022, is $203,581,707. This is an increase of $4,143,769 or 2.08% over the previous year's budget. The increase is principally due to increases in instruction ($2,721,471), and employee benefits ($1,739,373) areas of the budget.

The District budgeted revenues other than property taxes and STAR at a $963,301 decrease from the prior year's estimate, which is principally due to a decrease in operating transfers in of $1,228,179. The appropriated fund balance of $4,458,874 applied to the June 30, 2022 budget was an $858,874 increase over the prior year. The District appropriated $8,007,984 from various reserves to fund the budget, which is a $1,667,853 increase over the prior year. A property tax increase of $2,580,343 (1.99%) levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

The property tax cap, and uncertainty in state aid and federal funding, as well as the continuing effect of the COVID-19 pandemic, will greatly impact the District's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2.0% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. The District's 2021-2022 property tax increase of 1.99% was less than the tax cap of 2.90% and did not require an override vote.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

Lynda G. Adams, Ed. D. - Superintendent
Connetquot Central School District
780 Ocean Avenue
Bohemia, New York 11716

CONNETQUOT CENTRAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

ASSETS	
Cash	
Unrestricted	$ 19,506,909
Restricted	52,549,505
Receivables	
Accounts receivable	22,599
Due from state and federal	4,327,571
Due from other governments	6,617,816
Inventory	10,246
Capital assets not being depreciated	26,543,961
Capital assets being depreciated, net of accumulated depreciation	114,359,356
Total Assets	223,937,963
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges from advance refunding	301,639
Pensions	56,678,932
Other postemployment benefits	79,106,589
Total Deferred Outflows of Resources	136,087,160
LIABILITIES	
Payables	
Accounts payable	4,306,456
Accrued liabilities	1,243,200
Due to fiduciary fund	94,044
Due to other governments	21,281
Due to teachers' retirement system	7,819,545
Due to employees' retirement system	883,899
Compensated absences payable	257,747
Other liabilities	798,435
Unearned credits	
Collections in advance	213,409
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	6,048,088
Installment purchase debt payable	2,163,308
Compensated absences payable	850,000
Due and payable after one year	
Bonds payable, net	15,749,089
Installment purchase debt payable	22,346,163
Compensated absences payable	12,127,591
Workers' compensation liabilities	5,930,584
Retirement incentive liability	2,517,507
Net pension liabilities - proportionate share	12,325,411
Total other postemployment benefits liability	339,911,892
Total Liabilities	435,607,649
DEFERRED INFLOWS OF RESOURCES	
Pensions	25,081,667
Other postemployment benefits	48,407,286
Total Deferred Inflows of Resources	73,488,953
NET POSITION (DEFICIT)	
Net investment in capital assets	116,734,548
Restricted	
Workers' compensation	5,930,102
Unemployment insurance	601,930
Retirement contribution	
Teachers' retirement system	3,002,527
Employees' retirement system	9,528,928
Insurance	1,376,092
Employee benefit accrued liability	10,341,348
Capital	191,287
Repairs	204,009
Debt	14,249
Scholarships	25,943
	31,216,415
Unrestricted (Deficit)	(297,022,442)
Total Net Position (Deficit)	$ (149,071,479)

CONNETQUOT CENTRAL SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2021

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	$ 28,531,049	$	$	$	$ (28,531,049)
Instruction	169,777,101	507,225	4,218,126	1,001,804	(164,049,946)
Pupil transportation	13,366,901				(13,366,901)
Debt service - interest	1,394,405				(1,394,405)
Food service program	1,921,911	25,603	1,288,745		(607,563)
Total Functions and Programs	$ 214,991,367	$ 532,828	$ 5,506,871	$ 1,001,804	(207,949,864)
GENERAL REVENUES					
Real property taxes					119,450,982
Other tax items					13,596,691
Use of money and property					649,878
Sale of property and compensation for loss					334,423
Miscellaneous					1,239,957
State sources					54,164,334
Medicaid reimbursement					46,765
Total General Revenues					189,483,030
Change in Net Position					(18,466,834)
Total Net Position (Deficit) - Beginning of Year, as Restated					(130,604,645)
Total Net Position (Deficit) - End of Year					$ (149,071,479)

CONNETQUOT CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Permanent	Total Governmental Funds
ASSETS									
Cash									
Unrestricted	$ 17,994,304	$ 200,382	$ 10,030	$	$ 1,165,535	$ 136,658	$	$	$ 19,506,909
Restricted	31,190,472				21,240,702		25,943	92,388	52,549,505
Receivables									
Accounts receivable	22,599								22,599
Due from other funds	5,730,465			2,401,145	1,986,630				10,118,240
Due from state and federal	1,465,818	1,509,823	350,126		1,001,804				4,327,571
Due from other governments	5,505,342	1,112,474							6,617,816
Inventory			10,246						10,246
Total Assets	$ 61,909,000	$ 2,822,679	$ 370,402	$ 2,401,145	$ 25,394,671	$ 136,658	$ 25,943	$ 92,388	$ 93,152,886
LIABILITIES									
Payables									
Accounts payable	$ 1,309,325	$ 37,245	$ 58,420	$	$ 2,901,466	$	$	$	$ 4,306,456
Accrued liabilities	731,663	36,064	13,799						781,526
Due to other funds	1,989,470	2,749,140	750,889	2,386,896	2,335,889				10,212,284
Due to other governments	10,631		2,132		8,518				21,281
Due to teachers' retirement system	7,819,545								7,819,545
Due to employees' retirement system	883,899								883,899
Compensated absences payable	257,747								257,747
Other liabilities	798,435								798,435
Unearned credits									
Collections in advance	117,797	22,732	72,880						213,409
Total Liabilities	13,918,512	2,845,181	898,120	2,386,896	5,245,873	-	-	-	25,294,582
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues					1,001,804				1,001,804
FUND BALANCES (DEFICIT)									
Nonspendable:									
Advance	537,964								537,964
Inventory			10,246						10,246
Scholarships								92,388	92,388
Restricted:									
Workers' compensation	5,930,102								5,930,102
Unemployment insurance	601,930								601,930
Retirement contribution									
Teachers' retirement system	3,002,527								3,002,527
Employees' retirement system	9,528,928								9,528,928
Insurance	1,376,092								1,376,092
Employee benefit accrued liability	10,341,348								10,341,348
Capital	191,287								191,287
Repairs	204,009								204,009
Debt				14,249					14,249
Unspent debt proceeds					21,240,702				21,240,702
Scholarships							25,943		25,943
Assigned:									
Appropriated fund balance	4,458,874								4,458,874
Unappropriated fund balance	1,705,093					136,658			1,841,751
Unassigned: Fund balance (Deficit)	10,112,334	(22,502)	(537,964)		(2,093,708)				7,458,160
Total Fund Balances (Deficit)	47,990,488	(22,502)	(527,718)	14,249	19,146,994	136,658	25,943	92,388	66,856,500
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 61,909,000	$ 2,822,679	$ 370,402	$ 2,401,145	$ 25,394,671	$ 136,658	$ 25,943	$ 92,388	$ 93,152,886

CONNETQUOT CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total Governmental Fund Balances		$ 66,856,500
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The costs of building and acquiring capital assets (land, construction in progress, buildings and improvements, site improvements, furniture and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 227,352,021	
Less: Accumulated depreciation	(86,448,704)	
		140,903,317
Proportionate share of long-term liabilities and deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	56,678,932	
Net pension liability - teachers' retirement system	(12,262,814)	
Net pension liability - employees' retirement system	(62,597)	
Deferred inflows of resources	(25,081,667)	
		19,271,854
Deferred charges from advance refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds.		
Deferred charges on advanced refunding	1,635,354	
Less: accumulated amortization	(1,333,715)	
		301,639
Total other postemployment benefits liability and deferred outflows and inflows related to providing providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	79,106,589	
Total other postemployment benefits liability	(339,911,892)	
Deferred inflows of resources	(48,407,286)	
		(309,212,589)
Long-term receivables are not available to pay current period expenditures and, therefore, the revenue is deferred on the governmental fund statements.		1,001,804
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Accrued interest on bonds payable	(461,674)	
Bonds payable, net	(21,797,177)	
Installment purchase debt payable	(24,509,471)	
Compensated absences payable	(12,977,591)	
Workers' compensation liabilities	(5,930,584)	
Retirement incentive liability	(2,517,507)	
		(68,194,004)
Total Net Position (Deficit)		$ (149,071,479)

CONNETQUOT CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Permanent	Total Governmental Funds
REVENUES									
Real property taxes	$ 119,450,982	$	$	$	$	$	$	$	$ 119,450,982
Other tax items	13,596,691								13,596,691
Charges for services	242,104								242,104
Use of money and property	647,899		34	1,945			56		649,934
Sale of property and compensation for loss	334,423								334,423
Miscellaneous	1,239,957	1,031,058				265,121	30,309		2,566,445
Interfund revenues	45,479								45,479
State sources	54,828,498	1,364,496	27,263		1,206,531				57,426,788
Medicaid reimbursement	46,765								46,765
Federal sources		1,792,207	1,261,482						3,053,689
Sales			25,603						25,603
Total Revenues	190,432,798	4,187,761	1,314,382	1,945	1,206,531	265,121	30,365	-	197,438,903
EXPENDITURES									
General support	20,144,854	45,479							20,190,333
Instruction	101,608,019	4,251,825				271,006	20,640		106,151,490
Pupil transportation	9,109,948	312,959							9,422,907
Employee benefits	45,452,624								45,452,624
Debt service									
Principal	8,130,882								8,130,882
Interest	1,715,677								1,715,677
Food service program			1,881,084						1,881,084
Capital outlay					10,380,684				10,380,684
Total Expenditures	186,162,004	4,610,263	1,881,084	-	10,380,684	271,006	20,640	-	203,325,681
Excess/(Deficiency) of Revenues Over Expenditures	4,270,794	(422,502)	(566,702)	1,945	(9,174,153)	(5,885)	9,725	-	(5,886,778)
OTHER FINANCING SOURCES AND (USES)									
Proceeds of debt					21,240,702				21,240,702
Operating transfers in		400,000	430,000						830,000
Operating transfers (out)	(830,000)								(830,000)
Total Other Sources (Uses)	(830,000)	400,000	430,000	-	21,240,702	-	-	-	21,240,702
Net Change in Fund Balance	3,440,794	(22,502)	(136,702)	1,945	12,066,549	(5,885)	9,725	-	15,353,924
Fund Balance (Deficit) - Beginning of Year, as Restated	44,549,694		(391,016)	12,304	7,080,445	142,543	16,218	92,388	51,502,576
End of Year	$ 47,990,488	$ (22,502)	$ (527,718)	$ 14,249	$ 19,146,994	$ 136,658	$ 25,943	$ 92,388	$ 66,856,500

CONNETQUOT CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2021

Net Change in Fund Balance		$ 15,353,924
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned.	$ (868,891)	
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.		
Decrease in workers' compensation liability	691,909	
Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.		
Increase in compensated absences payable	(13,450)	
Increase in retirement incentive liability	(27,715)	
		(218,147)
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital outlays and other additions	11,451,583	
Depreciation expense	(3,996,718)	
		7,454,865
Long-Term Debt Transaction Differences		
Proceeds from the issuance of bonds are other funding sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.	(21,240,702)	
The amortization of deferred premium, net of the amortization of the deferred charges on the advance refunding of bonds, decreases interest expense in the Statement of Activities.	316,545	
Repayments of long-term debt are expenditures in governmental funds, but they reduce long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.		
Repayment of bond principal	7,245,000	
Repayment of installment purchase debt principal	885,882	
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2020 to June 30, 2021.	4,727	
		(12,788,548)
Pension and Other Postemployment Benefits Differences		
The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.		
Teachers' retirement system	(9,159,985)	
Employees' retirement system	1,292,527	
Other postemployment benefits	(20,401,470)	
		(28,268,928)
Change in Net Position of Governmental Activities		$ (18,466,834)

CONNETQUOT CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2021

		Custodial
ASSETS		
Due from governmental funds	$	94,044
LIABILITIES		
Due to other governments		94,044
NET POSITION		
Restricted for individuals, organizations, and other governments	$	-

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2021

		Custodial
ADDITIONS		
Real property taxes collections for the Library:	$	6,334,916
Total Additions		6,334,916
DEDUCTIONS		
Real property taxes payments to the Library:		6,334,916
Change in Net Position		-
Net Position - Beginning of Year		
Net Position - End of Year	$	-

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Connetquot Central School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of five members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District's reporting entity.

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Eastern Suffolk (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law. A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

C. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements present the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid Fund - is used to account for the proceeds of specific revenue sources such as federal and state grants that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

School Food Service Fund - is used to account for the activities of the food service program.

Debt Service Fund - accounts for the accumulation of resources for, and the payment of, principal and interest on long-term general obligation debt of governmental activities.

Capital Projects Fund – is used to account for the financial resources used for acquisition, construction, renovation or major repair of capital facilities and other capital assets.

Extraclassroom Activities Fund – is used to account for the funds operated by and for the students of the District.

Scholarships Fund – is used to account for funds collected that benefit annual third-party awards and scholarships for students.

Permanent Fund – used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the District's programs, i.e., for the benefit of the District

Fiduciary Funds – are used to account for activities in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used to finance District operations. The following is the District's fiduciary fund:

Custodial Fund – is used to account for real property taxes collected on behalf of other governments and disbursed to those governments.

D. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, retirement incentives, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

E. Real Property Taxes

Calendar

Real property taxes are levied annually by the Board no later than November 1st and become a lien on December 1st. Taxes are collected by the Town of Islip and remitted to the District from December to June.

Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County in June.

F. Payments in Lieu of Taxes (PILOT)

The District reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected payments to the District.

G. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

H. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables, payables, transfers in and transfers out activity is provided subsequently in these Notes to Financial Statements.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, compensated absences, retirement incentives, pension costs, other postemployment benefits, workers' compensation liabilities, potential contingent liabilities, and useful lives of capital assets.

J. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and investments with a maturity date of three months or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

K. Receivables

Receivables are shown net of allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

L. Inventory

Inventory of food in the school food service fund is recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

A portion of fund balance has been classified as nonspendable to indicate that inventory does not constitute available spendable resources.

M. Capital Assets

Capital assets are reflected in the district-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported acquisition value at the date of donation.

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the district-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	$ 50,000	50 years
Site improvements	25,000	20 years
Furniture and equipment	5,000	5-20 years

N. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category. First is the unamortized amount of deferred charges from several years' refunding of bonds. The amount for two bond issues is being amortized as a component of interest expense on a straight-line basis and the amounts for the other bond issue is being amortized as a component of interest on a weighted average basis. The second item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to OPEB and represents the change in the total other postemployment benefits liability not included in OPEB.

O. Collections in Advance

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the District, such as prepaid lunch amounts. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

P. Short-Term Debt

The District may issue tax anticipation notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

Q. Employee Benefits – Compensated Absences

Compensated absences consist of unpaid accumulated sick leave and vacation time.

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination or death.

Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

The liability for compensated absences has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

R. Employee Benefits – Retirement Incentive

Retirement incentive consists of first year eligible retirement incentive payments as specified in collective bargaining agreements or individual employment contracts. Upon retirement, employees may receive a lump sum payment based on years of service and meeting the eligibility requirements in accordance with GASB Statement No. 47.

In the fund financial statements, only the amount of matured liabilities is accrued within the general fund.

S. Other Benefits

Eligible District employees participate in the New York State Teachers' Retirement System or the New York State and Local Employees' Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75.

T. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes a receivable of state aid for a capital improvement grant. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents changes in the total other postemployment benefits liability not included in OPEB expense.

U. Equity Classifications

District-Wide Statements

In the district-wide statements there are three classes of net position:

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisitions, construction, and improvements of those assets.

Restricted – Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of the long-term portion of loans receivable related to the school food service fund balance deficit which is recorded in the general fund, inventory which is recorded in the school food service fund, and nonexpendable scholarship funds which are recorded in the permanent fund.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Workers' Compensation Reserve

Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund.

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. The reserve is accounted for in the general fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The Board may also adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

Insurance Reserve

Insurance Reserve (GML §6-n) is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Capital Reserve

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The reserve is accounted for in the general fund.

Repairs Reserve

Repairs Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. The reserve is accounted for in the general fund.

Restricted for Debt

Unexpended balances of proceeds of borrowings for capital projects; interest and earnings from investing proceeds of obligations, and premium and accrued interest are recorded in the debt service fund and held until appropriated for debt payments. These restricted amounts are accounted for in the debt service fund.

Restricted – Unspent Debt Proceeds

Unspent debt proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

Restricted for Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, including earnings and net of awards. These restricted funds are accounted for in the scholarships fund.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget and encumbrances not classified as restricted at the end of the fiscal year.

Unassigned – Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending of available resources. NYS Real Property Tax Law §1318, restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year's budget.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Education if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Education.

The Board of Education shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by budget or any Board approved budget revision, then from the assigned fund balance to the extent appropriated by the Board, and then from the unassigned fund balance.

2. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities.* This statement provides guidance for identifying fiduciary activities, primarily based on whether the assets associated with the activities are controlled by the government and the government does not have administrative involvement with the assets. As a result, agency and private purpose trust activities previously reported within the fiduciary funds are now reported within the governmental funds.

3. FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) Statements are issued to set generally accepted accounting principles (GAAP) for state and local governments. The following is not an all-inclusive list of GASB standards issued, but the statement that the District feels may have a future impact on these financial statements. The District will evaluate the impact of this pronouncement and implement it, as applicable, if material.

Effective for the Year Ending	**Effective for the Year Ending**
June 30, 2022	GASB No. 87 - *Leases*

GASB Statement No. 87 will change the reporting of leases in the district-wide financial statements. A lessee will be required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of financial resources.

4. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE DISTRICT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term assets and liabilities.

B. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the general fund, the only fund with a legally adopted budget.

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Contingent expenditures related to COVID-19 funded by unassigned fund balance	$ 3,056,674
Instruction expenditures funded by donations	169
	$ 3,056,843

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as part of assigned fund balance, unless classified as restricted, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

C. Unassigned Fund Balance

The District's general fund unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District is in the process of formulating a plan to reduce the unassigned fund balance to be within the permissible limit. This plan will address funding its reserves to a fiscally prudent level and the capital needs of the District.

D. Special Aid Fund Deficit

The special aid fund has an unassigned fund balance deficit of $22,502, arising from expenditures incurred. The deficit will be eliminated with the recognition of revenue from the funding awarded by New York State under the American Rescue Plan (ARP).

E. School Food Service Fund Deficit

The school food service fund has an unassigned fund balance deficit of $537,964. This is expected to be funded by a budgeted or Board authorized subsequent year transfer from the general fund.

F. Capital Projects Fund Deficit

The capital projects fund has an unassigned fund balance deficit of $2,093,708. This will be funded when the District obtains permanent financing for its current construction project.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

A. Uncollateralized,
B. Collateralized by securities held by the pledging financial institution, or
C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the District's behalf at year-end.

The District did not have any investments at year-end or during the year. Consequently, the District was not exposed to any material interest rate risk or foreign currency risk.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2021, the District was billed $15,540,115 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $3,982,280. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York, 11772.

8. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2021 consisted of:

General Fund	
New York State - excess cost aid	$ 1,465,818
Special Aid Fund	
Federal and State grants	1,509,823
School Food Service Fund	
Federal and State program reimbursements	350,126
Capital Projects Fund	
SMART Schools Bond Act grant	1,001,804
	$ 4,327,571

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2021 consisted of:

General Fund	
BOCES aid	$ 3,651,877
Payments in lieu of taxes	1,585,740
Program revenue due from other districts	267,725
	5,505,342
Special Aid Fund	
County of Suffolk	1,112,474
	$ 6,617,816

District management expects these amounts to be fully collectible.

10. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated:				
Land	$ 2,440,000	$	$	$ 2,440,000
Construction in progress	14,756,018	9,347,943		24,103,961
Total capital assets not being depreciated	17,196,018	9,347,943	-	26,543,961
Capital assets being depreciated:				
Buildings and improvements	181,355,998	1,017,019		182,373,017
Site improvements	2,485,644			2,485,644
Furniture and equipment	15,903,040	1,086,621	(1,040,262)	15,949,399
Total capital assets being depreciated	199,744,682	2,103,640	(1,040,262)	200,808,060
Less accumulated depreciation for:				
Buildings and improvements	69,558,371	2,963,133		72,521,504
Site improvements	2,106,475	81,033		2,187,508
Furniture and equipment	11,827,402	952,552	(1,040,262)	11,739,692
Total accumulated depreciation	83,492,248	3,996,718	(1,040,262)	86,448,704
Total capital assets being depreciated, net	116,252,434	(1,893,078)	-	114,359,356
Capital assets, net	$ 133,448,452	$ 7,454,865	$ -	$ 140,903,317

Depreciation expense was charged to governmental functions as follows:

General support	$ 327,730
Instruction	3,178,795
Pupil transportation	449,366
Food service program	40,827
Total depreciation expense	$ 3,996,718

11. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2021 are as follows:

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
General Fund	$ 5,730,465	$ 1,989,470	$	$ 830,000
Special Aid Fund		2,749,140	400,000	
School Food Service Fund		750,889	430,000	
Debt Service Fund	2,401,145	2,386,896		
Capital Projects Fund	1,986,630	2,335,889		
Total Governmental Funds	10,118,240	10,212,284	$ 830,000	$ 830,000
Custodial Fund	94,044			
Total	$ 10,212,284	$ 10,212,284		

The District typically transfers from the general fund to the special aid fund and school food service fund in accordance with the approved budget. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities. The transfer to the school food service fund was a budgeted transfer of $430,000 to provide support for the operating loss for the program.

12. SHORT-TERM DEBT

Short-term debt activity for the year is summarized below:

	Maturity	Stated Interest Rate	Balance June 30, 2020	Issued	Redeemed	Balance June 30, 2021
TAN	6/25/2021	1.25-1.75%	$ -	$ 40,000,000	$ (40,000,000)	$ -

The TAN was issued to provide cash flow for the District until the District receives the real property taxes from the Town.

Interest on short-term debt for the year was $449,167, net of a premium of $346,770, to yield an effective interest rate of 0.3291%.

13. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pension and other postemployment benefits liabilities, for the year are summarized below:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 28,145,000	$	$ (7,245,000)	$ 20,900,000	$ 5,620,000
Add: Premiums on refunding	1,367,267		(470,090)	897,177	428,088
	29,512,267		(7,715,090)	21,797,177	6,048,088
Installment purchase debt	4,154,651	21,240,702	(885,882)	24,509,471	2,163,308
	33,666,918	21,240,702	(8,600,972)	46,306,648	8,211,396
Other long-term liabilities:					
Compensated absences	12,964,141	13,450		12,977,591	850,000
Workers' compensation	6,622,493	1,205,847	(1,897,756)	5,930,584	
Retirement incentive	2,489,792	27,715		2,517,507	
	$ 55,743,344	$ 22,487,714	$ (10,498,728)	$ 67,732,330	$ 9,061,396

The general fund has typically been used to liquidate other long-term liabilities.

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Refunding Debt	12/29/2011	1/15/2023	2.0 - 5.0%	$ 4,320,000
Refunding Debt	10/1/2013	1/15/2024	2.0 - 5.0%	6,825,000
Refunding Debt	6/21/2018	7/15/2023	5.00%	2,505,000
District improvement	8/29/2018	8/15/2033	2.25 - 3.0%	7,250,000
				$ 20,900,000

The following is a summary of debt service requirements for bonds payable:

Year Ending June 30,	Principal	Interest	Total
2022	$ 5,620,000	$ 438,631	$ 6,058,631
2023	5,860,000	313,625	6,173,625
2024	3,820,000	174,000	3,994,000
2025	550,000	84,000	634,000
2026	550,000	75,750	625,750
2027 - 2031	2,750,000	255,000	3,005,000
2032 - 2034	1,750,000	52,875	1,802,875
Total	$ 20,900,000	$ 1,393,881	$ 22,293,881

C. Advance Refunding

In the district-wide statements, the District is amortizing deferred charges and refunding bond premiums as a component of interest expense for the December 2011 and June 2018 advanced bond refunding's on a straight-line basis and for the October 2013 advanced bond refunding on a weighted average basis as follows:

Year Ending June 30,	Amortization of Deferred Charges	Amortization of Premium	Interest Expense Increase / (Decrease)
2022	$ 146,315	$ (428,088)	$ (281,773)
2023	138,716	(383,944)	(245,228)
2024	16,608	(85,145)	(68,537)
	$ 301,639	$ (897,177)	$ (595,538)

D. Installment Purchase Debt Payable

Installment purchase debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Installment purchase debt payable	7/15/2013	7/15/2024	2.35%	$ 3,268,769
Installment purchase debt payable	4/21/2021	4/16/2036	1.73%	21,240,702
				$ 24,509,471

The following is a summary of maturing debt service requirements for installment purchase debt payable:

Year Ending June 30,	Principal	Interest	Total
2022	$ 2,163,308	$ 428,447	$ 2,591,755
2023	2,201,427	390,328	2,591,755
2024	2,245,490	346,265	2,591,755
2025	1,801,286	301,299	2,102,585
2026	1,340,692	272,721	1,613,413
2027 - 2031	7,061,077	1,005,991	8,067,068
2032 - 2036	7,696,191	370,877	8,067,068
	$ 24,509,471	$ 3,115,928	$ 27,625,399

E. Interest Expense

Interest on long-term debt for the year was composed of:

Interest paid	$ 1,266,510
Less interest accrued in the prior year	(466,401)
Plus interest accrued in the current year	461,674
Less amortization of advance refunding deferred items	(316,545)
Total interest expense on long-term debt	$ 945,238

14. PENSION PLANS – NEW YORK STATE

A. General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, public employee retirement systems. The systems provide retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY, 12211-2395.

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY, 12244.

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October, and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 8.86% of covered payroll for the TRS' fiscal year ended June 30, 2020. The District's average contribution rate was 14.39% of covered payroll for the ERS' fiscal year ended March 31, 2021.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2021 was $7,360,257 for TRS at the contribution rate of 9.53% and $3,303,039 for ERS at an average contribution rate of 14.55%.

D. Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2020 for TRS and March 31, 2021 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
District's proportionate share of the net pension asset / (liability)	$ (12,262,814)	$ (62,597)
District's portion of the Plan's total net pension asset / (liability)	0.443779%	0.0628652%
Change in proportion since the prior measurement date	(0.006997)	0.0007782

For the year ended June 30, 2021, the District recognized pension expense of $16,520,242 for TRS and $2,010,512 for ERS. At June 30, 2021, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	$ 10,744,679	$ 764,484	$ 628,446	$
Changes of assumptions	15,509,605	11,509,639	5,528,364	217,075
Net difference between projected and actual earnings on pension plan investments	8,008,692			17,981,654
Changes in proportion and differences between the District's contributions and proportionate share of contributions	682,569	1,215,108	676,079	50,049
District contributions subsequent to the measurement date	7,360,257	883,899		
Total	$ 42,305,802	$ 14,373,130	$ 6,832,889	$ 18,248,778

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2022	$ 4,790,938	$ (645,691)
2023	9,657,126	(42,806)
2024	7,968,247	(740,879)
2025	4,905,749	(3,330,171)
2026	170,099	
Thereafter	620,497	
	$ 28,112,656	$ (4,759,547)

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
Actuarial valuation date	June 30, 2019	April 1, 2020
Inflation	2.20%	2.70%
Salary increases	1.90-4.72%	4.40%
Investment rate of return (net of investment expense, including inflation)	7.10%	5.90%
Cost of living adjustments	1.30%	1.40%

For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2019, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020.

For TRS, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class, as well as historical investment data and plan performance.

For ERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2020		March 31, 2021
Asset type				
Domestic equity	33.0%	7.10%	32.0%	4.05%
International equity	16.0%	7.70%	15.0%	6.30%
Global equity	4.0%	7.40%		
Real estate	11.0%	6.80%	9.0%	4.95%
Private equities	8.0%	10.40%	10.0%	6.75%
Alternatives investments			10.0%	3.63-5.95%
Domestic fixed income securities	16.0%	1.80%		
Global fixed income securities	2.0%	1.00%		
High-yield fixed income securities	1.0%	3.90%		
Bonds and mortgages			23.0%	0.00%
Private debt	1.0%	5.20%		
Real estate debt	7.0%	3.60%		
Cash and equivalents	1.0%	0.70%		
Cash			1.0%	0.50%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.0% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for TRS and 5.90% for ERS (the discount rate used by the ERS at the prior year's measurement date of March 31, 2020, was 6.80%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.10% for TRS and 5.90% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.10% for TRS and 4.90% for ERS) or 1 percentage point higher (8.10% for TRS and 6.90% for ERS) than the current rate:

TRS	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
District's proportionate share of the net pension asset/(liability)	$ (77,459,969)	$ (12,262,814)	$ 42,454,122

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset/(liability)	$ (17,374,612)	$ (62,597)	$ 15,903,131

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective measurement dates, were as follows:

	TRS	ERS
	(Dollars in Thousands)	
Measurement date	June 30, 2020	March 31, 2021
Employers' total pension liability	$ (123,242,776)	$ (220,680,157)
Plan fiduciary net position	120,479,505	220,580,583
Employers' net pension liability	$ (2,763,271)	$ (99,574)
Ratio of plan fiduciary net position to the employers' total pension liability	97.76%	99.95%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021, are paid to the system in September, October, and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021, represent employer and employee contributions for the fiscal year ended June 30, 2021, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2021 amounted to $7,360,257 of employer contributions and $459,288 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2021, represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to $883,899 of employer contributions. Employee contributions are remitted monthly.

15. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2021 and 2020, totaled $1,232,553 and $5,127,553, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled $391,577.

16. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description –The District-provides OPEB for eligible, retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The District provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	805
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	997
	1,802

B. Total OPEB Liability

The District's total OPEB liability of $339,911,892 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs – The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%	
Salary increases	2.9% - 10%	Vary based on NYS TRS and ERS assumptions
Discount rate	2.16%	
Healthcare cost trend rates	5.40%	for 2019, decreasing to an ultimate rate of 4.04% by 2075
Retirees' share of benefit-related costs	8-15%	Teachers
	3-10%	Operations and maintenance and clerical
	10-15%	Principals and supervisors
	10.00%	Transportation

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Bond Index.

Mortality rates were based on Pub-2010 Headcount-Weighted Table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using Society of Actuaries' Scale MP-2020.

C. Changes in the Total OPEB Liability

Balance at June 30, 2020	$ 328,377,634
Changes for the year	
Service cost	13,965,757
Interest	7,490,339
Changes of benefit terms	-
Differences between expected and actual experience	(8,132,327)
Changes in assumptions or other inputs	5,076,098
Benefit payments	(6,865,609)
	11,534,258
Balance at June 30, 2021	$ 339,911,892

Changes of assumptions and other inputs is based on several factors including a change in the discount rate from 2.21% in 2020 to 2.16% in 2021, change in the health care trend rate, change in mortality rate, and updated termination and retirement rates as per the actuarial valuation report.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

OPEB	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	$ (410,934,811)	$ (339,911,892)	$ (284,555,583)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.40%) or 1 percentage point higher (6.40%) than the current healthcare cost trend rate:

OPEB	1% Decrease 4.40% decreasing to 3.04%	Healthcare Cost Trend Rates 5.40% decreasing to 4.04%	1% Increase 6.40% decreasing to 5.04%
Total OPEB liability	$ (274,470,887)	$ (339,911,892)	$ (427,968,370)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of $27,267,079. At June 30, 2021, the District reported deferred outflows of and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	$	$ 42,405,957
Changes of assumptions or other inputs	79,106,589	6,001,329
Total	$ 79,106,589	$ 48,407,286

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2022	$ 5,810,983
2023	5,810,983
2024	5,810,983
2025	6,275,510
2026	7,427,449
Thereafter	(436,605)
	$ 30,699,303

17. RISK MANAGEMENT

A. General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

A. Risk Retention

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities do not include an amount for reported and unreported claims which were incurred on or before year-end but not reported (IBNR). Claims activity is summarized below:

	June 30, 2020	June 30, 2021
Unpaid claims at beginning of year	$ 6,524,883	$ 6,622,493
Incurred claims and claim adjustment expenses	1,552,469	1,205,847
Claim payments	(1,454,859)	(1,897,756)
Unpaid claims at year end	$ 6,622,493	$ 5,930,584

At June 30, 2021, the District had $5,930,102 of funds in the workers' compensation reserve.

B. Public Entity Risk Pool

The District participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain defined limits, and the District has essentially transferred all related risk to the pool.

18. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2021 restricted fund balances, to fund the budget for the year ending June 30, 2022:

Workers' compensation	$ 1,600,000
Unemployment insurance	400,000
Retirement contribution -	
Teachers' retirement system	1,492,984
Employees' retirement system	3,415,000
Employee benefit accrued liability	1,100,000
	$ 8,007,984

19. ASSIGNED APPROPRIATED FUND BALANCE

The amount of $4,458,874 has been appropriated to reduce taxes for the year ending June 30, 2022.

20. RESTRICTED FOR CAPITAL RESERVE

The following is a summary of the District's restricted capital reserve activity since inception:

Date Created	May 2016
Number of Years to Fund	10
Maximum Funding	$ 9,500,000
General Fund	
Funding Provided Since Inception	$ 9,500,000
Interest Earnings Since Inception	382,200
Use of Reserve Since Inception	(9,690,913)
Total General Fund	191,287
Capital Projects Fund	
Funding Provided Since Inception	9,690,913
Use of Reserve Since Inception	(9,690,913)
Total Capital Projects Fund	-
Balance as of June 30, 2020	$ 191,287

21. RESTATEMENT OF FUND BALANCE AND NET POSITION

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84. The implementation of Statement No. 84 resulted in the reporting of changes in cash and current liabilities. The District's net fund balance and net position have been restated as follows:

	General Fund	Extraclassroom Activity Fund	Scholarship Fund	Permanent Fund	Statement of Net Position
Fund Balance/Net Position (Deficit)					
Beginning of Year, as Reported	$ 44,549,694	$	$	$	$ (130,855,794)
Assets					
Cash	435,887	142,543	16,218	92,388	687,036
Accounts receivable					-
Due from fiduciary fund					-
	435,887	142,543	16,218	92,388	687,036
Liabilities					
Due to fiduciary fund	(284,564)				(284,564)
Other liabilities	720,451				720,451
	435,887	-	-	-	435,887
Fund Balance/Net Position					
Restricted			16,218	92,388	108,606
Assigned, unappropriated		142,543			
Unrestricted					142,543
	-	142,543	16,218	92,388	251,149
Fund Balance/Net Position (Deficit)					
Beginning of Year, as Restated	$ 44,549,694	$ 142,543	$ 16,218	$ 92,388	$ (130,604,645)

22. TAX ABATEMENTS

The Suffolk County Industrial Development Agency and the Town of Islip Industrial Development Agency enter into various property tax abatement programs for the purpose of economic development. The District's property tax revenue was reduced $5,006,981. The District received payment in lieu of tax (PILOT) payments totaling $3,235,733.

23. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2021, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance:	
General Fund	
General support	$ 1,677,031
Instruction	28,062
	1,705,093
Capital Projects Fund	
Capital projects	10,705,149

B. Grants

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, would be immaterial.

C. Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

D. Operating Leases

The District leases various equipment under non-cancelable operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2021, were approximately $230,274. The minimum future operating lease payments are as follows:

Year Ending June 30,	Amount
2022	$ 266,826
2023	202,497
2024	93,843
2025	5,560
	$ 568,726

24. <u>SUBSEQUENT EVENTS</u>

The District has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements, except for the following:

A. Issuance of TANs

On September 1, 2021, the District issued tax anticipation notes in the amount of $47,500,000, which are due June 24, 2022 and bear interest at a stated rate of 1.50%. The District received premiums of $537,748 with the borrowing to yield an effective interest rate of 0.1090%.

B. Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act

In September 2021, The District was awarded CRRSA funding of $4,431,085 through the Elementary and Secondary School Emergency Relief (ESSER) Program and $680,560 through the Governor's Emergency Education Relief (GEER) Program. Additionally, the District received an allocation of American Rescue Plan (ARP) Act of $2,802,607 under the ESSER program. The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as expended and the fund balance deficit at June 30, 2021 will be eliminated.

CONNETQUOT CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	$ 118,794,382	$ 119,447,596	$ 119,450,982	$ 3,386
Other tax items	13,071,099	12,417,885	13,596,691	1,178,806
Charges for services	275,000	275,000	242,104	(32,896)
Use of money and property	718,000	718,000	647,899	(70,101)
Sale of property and compensation for loss	174,500	174,500	334,423	159,923
Miscellaneous	699,000	699,169	1,239,957	540,788
Interfund revenues	20,000	20,000	45,479	25,479
Total Local Sources	133,751,981	133,752,150	135,557,535	1,805,385
State Sources	54,433,187	54,433,187	54,828,498	395,311
Medicaid Reimbursement	72,156	72,156	46,765	(25,391)
Total Revenues	188,257,324	188,257,493	190,432,798	2,175,305
OTHER FINANCING SOURCES				
Operating Transfers In	1,240,483	1,240,483	-	(1,240,483)
Total Revenues and Other Sources	189,497,807	189,497,976	190,432,798	$ 934,822
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	3,600,000	6,656,674		
Appropriated Reserves	6,340,131	6,340,131		
Total Appropriated Fund Balance	9,940,131	12,996,805		
Total Revenues, Other Sources and Appropriated Fund Balance	$ 199,437,938	$ 202,494,781		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

CONNETQUOT CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education	$ 195,940	$ 195,940	$ 124,313	$ -	$ 71,627
Central administration	351,452	362,263	355,065		7,198
Finance	1,551,452	1,645,152	1,586,246		58,906
Staff	1,606,987	1,631,232	1,377,917		253,315
Central services	16,244,043	18,314,470	15,010,104	1,677,031	1,627,335
Special items	1,697,750	1,701,403	1,691,209		10,194
Total General Support	21,647,624	23,850,460	20,144,854	1,677,031	2,028,575
Instruction					
Administration & improvement	6,728,082	7,276,544	7,061,472	458	214,614
Teaching - regular school	55,625,063	56,517,266	54,599,066	13,607	1,904,593
Programs for students with disabilities	26,503,795	26,480,886	23,983,580		2,497,306
Occupational education	1,989,301	1,989,301	1,976,322		12,979
Teaching - special schools	429,150	429,150	205,442		223,708
Instructional media	3,776,747	4,499,653	4,246,568		253,085
Pupil services	10,243,518	10,833,395	9,535,569	13,997	1,283,829
Total Instruction	105,295,656	108,026,195	101,608,019	28,062	6,390,114
Pupil Transportation	10,519,712	10,355,310	9,109,948		1,245,362
Employee Benefits	50,947,553	49,235,423	45,452,624		3,782,799
Debt Service					
Principal	8,130,882	8,130,882	8,130,882		-
Interest	2,066,511	2,066,511	1,715,677		350,834
Total Debt Service	10,197,393	10,197,393	9,846,559		350,834
Total Expenditures	198,607,938	201,664,781	186,162,004	1,705,093	13,797,684
OTHER USES					
Operating Transfers Out	830,000	830,000	830,000		-
Total Expenditures and Other Uses	$ 199,437,938	$ 202,494,781	186,992,004	1,705,093	$ 13,797,684
Net Change in Fund Balance			3,440,794		
Fund Balance - Beginning of Year			44,549,694		
Fund Balance - End of Year			$ 47,990,488		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

CONNETQUOT CENTRAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
Last Seven Fiscal Years

Teachers' Retirement System

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.443779%	0.450776%	0.440525%	0.443230%	0.446379%	0.439474%	0.447848%
District's proportionate share of the net pension asset/(liability)	$ (12,262,814)	$ 11,711,193	$ 7,965,850	$ 3,377,295	$ (4,780,901)	$ 45,647,333	$ 49,887,448
District's covered payroll	$ 75,324,695	$ 76,080,733	$ 72,561,489	$ 71,123,057	$ 70,355,597	$ 68,292,766	$ 68,581,292
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	(16.28)%	15.39 %	10.98 %	4.75 %	(6.80)%	66.84 %	72.74 %
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rates	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0628652%	0.0620870%	0.0624122%	0.0631567%	0.0651297%	0.0617504%	0.0630717%
District's proportionate share of the net pension liability	$ (62,597)	$ (16,440,987)	$ (4,422,095)	$ (2,038,347)	$ (6,119,730)	$ (9,911,117)	$ (2,130,716)
District's covered payroll	$ 21,998,040	$ 20,759,927	$ 20,774,169	$ 20,252,221	$ 19,892,648	$ 20,697,096	$ 20,281,498
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.28 %	79.20 %	21.29 %	10.06 %	30.76 %	47.89 %	10.51 %
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rates	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

CONNETQUOT CENTRAL SCHOOL DISTRICT
Schedule of District Pension Contributions
Last Ten Fiscal Years

Teachers' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 7,360,257	$ 6,673,768	$ 7,031,728	$ 7,031,728	$ 8,263,907	$ 9,137,708	$ 11,567,602	$ 10,754,571	$ 7,869,583	$ 7,405,655
Contributions in relation to the contractually required contribution	7,360,257	6,673,768	7,031,728	7,031,728	8,263,907	9,137,708	11,567,602	10,754,571	7,869,583	7,405,655
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 77,232,497	$ 75,324,695	$ 76,080,733	$ 72,561,489	$ 71,123,057	$ 70,355,597	$ 68,292,766	$ 68,581,292	$ 68,513,422	$ 68,703,390
Contributions as a percentage of covered payroll	10%	9%	9%	10%	12%	13%	17%	16%	11%	11%

Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 3,303,039	$ 2,997,006	$ 2,971,910	$ 2,979,242	$ 3,124,406	$ 3,039,136	$ 3,623,145	$ 3,852,022	$ 3,405,631	$ 2,823,839
Contributions in relation to the contractually required contribution	3,303,039	2,997,006	2,971,910	2,979,242	3,124,406	3,039,136	3,623,145	3,852,022	3,405,631	2,823,839
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 22,695,284	$ 21,837,890	$ 20,961,723	$ 20,385,639	$ 20,083,341	$ 21,499,992	$ 20,342,455	$ 20,432,191	$ 20,159,117	$ 19,884,733
Contributions as a percentage of covered payroll	15%	14%	14%	15%	16%	14%	18%	19%	17%	14%

CONNETQUOT CENTRAL SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Four Fiscal Years

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 13,965,757	$ 10,534,595	$ 5,777,286	$ 6,028,771
Interest	7,490,339	10,454,711	9,597,730	8,819,172
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(8,132,327)	(43,508,614)	(6,972,495)	-
Changes of assumptions or other inputs	5,076,098	66,723,205	43,353,944	(12,467,185)
Benefit payments	(6,865,609)	(6,239,535)	(7,071,410)	(5,996,248)
Net change in total OPEB liability	11,534,258	37,964,362	44,685,055	(3,615,490)
Total OPEB liability, beginning	328,377,634	290,413,272	245,728,217	249,343,707
Total OPEB liability, ending	$ 339,911,892	$ 328,377,634	$ 290,413,272	$ 245,728,217
Covered employee payroll	$ 88,875,045	$ 87,919,040	$ 92,894,022	$ 82,517,340
Total OPEB liability as a percentage of covered employee payroll	382.46%	373.50%	312.63%	297.79%
Discount rates	2.16%	2.21%	3.51%	3.87%
Healthcare trend rates	5.40% to 4.04% by 2075	5.40% to 3.84% by 2075	5.50% to 3.84% by 2075	5.50% to 3.84% by 2078

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

Notes to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

CONNETQUOT CENTRAL SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	$ 199,437,938
Additions:	
Prior year's encumbrances	-
Original Budget	199,437,938
Budget Revision	3,056,843
Final Budget	$ 202,494,781

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 voter-approved expenditure budget		$ 203,581,707
Maximum allowed (4% of 2021-2022 budget)		$ 8,143,268
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 6,163,967	
Unassigned fund balance	10,112,334	
		$ 16,276,301
Less:		
Appropriated fund balance	4,458,874	
Encumbrances	1,705,093	
Total adjustments		6,163,967
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		$ 10,112,334
Actual Percentage		4.97%

*The District adopted a resolution on October 13, 2020 to appropriate $3,056,674 of unassigned fund balance for unanticipated ordinary contingent expenditures to preserve and protect the health and safety of students and staff as a result of the COVID-19 outbreak.

CONNETQUOT CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
For the Year Ended June 30, 2021

			Expenditures				Methods of Financing				Fund
PROJECT TITLE	Budget June 30, 2020	Budget June 30, 2021	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Balance June 30, 2021
2013-14 Capital Projects	$ 445,035	$ 445,035	$		$ -	$ 445,035			$ 445,035	$ 445,035	$ 445,035
2017-18 Capital Projects	2,500,000	2,500,000	1,442,738	1,365	1,444,103	1,055,897			2,500,000	2,500,000	1,055,897
2018-19 Capital Projects	4,999,000	4,999,000	3,201,916	990,742	4,192,658	806,342			4,999,000	4,999,000	806,342
2015 Bond / GF Project											
Sycamore Improvements	1,188,436	1,166,862	1,166,862		1,166,862	-	537,671		629,191	1,166,862	-
Sycamore Security Vestibule	25,482	25,248	25,248		25,248	-	11,633		13,615	25,248	-
John Pearl Improvements	951,576	933,997	933,997		933,997	-	430,371		503,626	933,997	-
John Pearl Security Vestibule	50,523	51,016	51,016		51,016	-	23,507		27,509	51,016	-
Slocum Improvements	998,009	973,777	973,777		973,777	-	448,701		525,076	973,777	-
Slocum Security Vestibule	35,445	34,720	34,720		34,720	-	15,998		18,722	34,720	-
Duffield Improvements	973,878	956,950	956,950		956,950	-	440,948		516,002	956,950	-
Duffield Security Vestibule	19,072	18,892	18,892		18,892	-	8,705		10,187	18,892	-
Premm. Improvements	95,477	74,785	74,785		74,785	-	34,460		40,325	74,785	-
High School Improvements	4,142,068	4,077,081	4,077,081		4,077,081	-	1,878,655		2,198,426	4,077,081	-
High School Security Vestibule	1,091,064	1,056,489	1,053,013	3,476	1,056,489	-	486,814		569,675	1,056,489	-
Idle Hour Improvements	1,781,617	1,752,707	1,752,707		1,752,707	-	807,620		945,087	1,752,707	-
Idle Hour Security Vestibule	23,912	23,846	23,846		23,846	-	10,988		12,858	23,846	-
OBMS Improvements	1,738,429	1,712,506	1,712,506		1,712,506	-	789,096		923,410	1,712,506	-
OBMS Security Vestibule	32,773	33,048	33,048		33,048	-	15,228		17,820	33,048	-
OBMS HVAC	756,699	720,752	720,752		720,752	-	332,112		388,640	720,752	-
Ronkonkoma MS Improvements	1,473,455	1,451,621	1,451,621		1,451,621	-	668,884		782,737	1,451,621	-
Ronkonkoma MS Security Vestibule	21,311	21,013	21,013		21,013	-	9,682		11,331	21,013	-
Cherokee Improvements	1,600,866	1,574,362	1,574,362		1,574,362	-	725,441		848,921	1,574,362	-
Cherokee Security Vestibule	25,867	25,725	25,725		25,725	-	11,854		13,871	25,725	-
Bosti Improvements	1,403,425	1,361,269	1,361,269		1,361,269	-	627,252		734,017	1,361,269	-
Bosti Security Vestibule	33,874	33,943	33,943		33,943	-	15,640		18,303	33,943	-
Bus Purchases	1,799,882	1,799,882	1,799,882		1,799,882	-	829,357		970,525	1,799,882	-
Unallocated	136,860	519,509				519,509	239,383		280,126	519,509	519,509
	20,400,000	20,400,000	19,877,015	3,476	19,880,491	519,509	9,400,000	-	11,000,000	20,400,000	519,509

CONNETQUOT CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund (Continued)
For the Year Ended June 30, 2021

			Expenditures				Methods of Financing				Fund
	Budget June 30, 2020	Budget June 30, 2021	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Balance June 30, 2021
PROJECT TITLE											
2019 Bond Projects											
Sycamore 2019 Bond	$ 69,677	$ 52,917	$ 30,827	$ (30,579)	$ 248	$ 52,669	$ 41,710		$ 11,207	$ 52,917	$ 52,669
Sycamore 2019 Bond Phase I	302,935	314,701	281,217	33,484	314,701	-	248,052		66,649	314,701	-
Sycamore 2019 Bond Phase 2	462,443	3,192,321	137,480	792,047	929,527	2,262,794	2,516,232		676,089	3,192,321	2,262,794
Sycamore 2019 Bond Phase 3	50,000	50,000	4,958	22,571	27,529	22,471	39,412		10,588	50,000	22,471
John Pearl 2019 Bond	23,660	16,795	15,620	(15,620)		16,795	13,238		3,557	16,795	16,795
John Pearl 2019 Bond Phase 1	72,247	59,096	22,046	37,050	59,096	-	46,580		12,516	59,096	-
John Pearl 2019 Bond Phase 2	391,249	366,582	366,696	(16,667)	350,029	16,553	288,945		77,637	366,582	16,553
Slocuum 2019 Bond	27,763	17,233	21,013	(21,013)		17,233	13,583		3,650	17,233	17,233
Slocuum 2019 Bond Phase 1	222,821	229,901	193,388	36,513	229,901	-	181,212		48,689	229,901	-
Slocuum 2019 Bond Phase 2	660,800	667,828	184,114	372,166	556,280	111,548	526,392		141,436	667,828	111,548
Slocuum 2019 Bond Phase 3	43,500	873,516	4,318	93,088	97,406	776,110	688,517		184,999	873,516	776,110
Duffield 2019 Bond	30,590	21,380	22,520	(22,520)		21,380	16,852		4,528	21,380	21,380
Duffield 2019 Bond Phase 1	202,194	211,240	173,590	37,650	211,240	-	166,502		44,738	211,240	-
Duffield 2019 Bond Phase 2	512,686	522,686	305,809	11,032	316,841	205,845	411,989		110,697	522,686	205,845
Duffield 2019 Bond Phase 3		5,070			1,320	3,750	3,996		1,074	5,070	3,750
Premm 2019 Bond	5,000	5,000		1,320		5,000	3,941		1,059	5,000	5,000
Premm 2019 Bond Phase 2	268,394	268,394	264,375		264,375	4,019	211,552		56,842	268,394	4,019
High School 2019 Bond	99,462	98,675	79,185		79,185	19,490	77,777		20,898	98,675	19,490
High School 2019 Bond Phase 1	1,220,472	1,198,443	1,149,690	48,753	1,198,443	-	944,629		253,814	1,198,443	-
High School 2019 Bond Phase 2	1,920,421	2,003,412	365,298	1,436,750	1,802,048	201,364	1,579,118		424,294	2,003,412	201,364
High School 2019 Bond Phase 3	312,000	312,000	31,193	140,853	172,046	139,954	245,923		66,077	312,000	139,954
High School 2019 Bond Phase 3A		3,270		3,270	3,270	-	2,577		693	3,270	-
Idle Hour 2019 Bond	21,625	14,740	13,605	(13,605)		14,740	11,618		3,122	14,740	14,740
Idle Hour 2019 Bond Phase 1	233,128	231,239	194,835	36,404	231,239	-	182,266		48,973	231,239	-
Idle Hour 2019 Bond Phase 2	599,858	596,120	277,009	274,520	551,529	44,591	469,871		126,249	596,120	44,591
Idle Hour 2019 Bond Phase 3	33,700	755,770	3,368	43,651	47,019	708,751	595,709		160,061	755,770	708,751
OBMS 2019 Bond	39,153	39,277	21,113		21,113	18,164	30,958		8,319	39,277	18,164
OBMS 2019 Bond Phase 2	128,625	3,076,716	70,876	1,519,415	1,590,291	1,486,425	2,425,111		651,605	3,076,716	1,486,425
OBMS 2019 Bond Phase 3	49,640	226,732	4,514	97,146	101,660	125,072	178,713		48,019	226,732	125,072
Ronkonkoma MS 2019 Bond	34,720	34,844	17,310		17,310	17,534	27,465		7,379	34,844	17,534
Ronkonkoma MS 2019 Bond Phase 2	208,170	2,525,983	70,876	1,398,720	1,469,596	1,056,387	1,991,016		534,967	2,525,983	1,056,387
Ronkonkoma MS 2019 Bond Phase 3	107,500	284,592	10,720	120,016	130,736	153,856	224,319		60,273	284,592	153,856
Cherokee 2019 Bond	34,650	24,515	25,295	(25,295)		24,515	19,323		5,192	24,515	24,515
Cherokee 2019 Bond Phase 1	256,064	260,458	228,505	31,953	260,458	-	205,297		55,161	260,458	-
Cherokee 2019 Bond Phase 2A	276,653	286,652	42,586	173,329	215,915	70,737	225,944		60,708	286,652	70,737
Cherokee 2019 Bond Phase 2B	692,818	692,818	44,491	609,182	653,673	39,145	546,089		146,729	692,818	39,145
Cherokee 2019 Bond Phase 3	47,000	906,167	4,662	75,090	79,752	826,415	714,254		191,913	906,167	826,415
Bosti 2019 Bond	35,123	25,767	24,986	(24,447)	539	25,228	20,310		5,457	25,767	25,228
Bosti 2019 Bond Phase 1	88,736	91,652	56,524	35,128	91,652	-	72,241		19,411	91,652	-
Bosti 2019 Bond Phase 2	895,114	895,028	381,295	402,337	783,632	111,396	705,473		189,555	895,028	111,396
Bosti 2019 Bond Phase 3	67,000	1,160,215	6,676	61,868	68,544	1,091,671	914,498		245,717	1,160,215	1,091,671
Administration Building Phase 2	602,725	602,725	19,793	567,283	587,076	15,649	475,076		127,649	602,725	15,649
Administration Building	8,207	8,207	1,955		1,955	6,252	6,469		1,738	8,207	6,252
Transportation 2019 Bond	5,000	5,000				5,000	3,941		1,059	5,000	5,000
Field House 2019 Bond Phase 2	18,750	20,086	10,312	2,799	13,111	6,975	15,832		4,254	20,086	6,975
Sand / Salt Shed 2019 Bond Phase 2	21,031	24,012	17,856	9,106	26,962	(2,950)	18,927		5,085	24,012	(2,950)
Press Box 2019 Bond Phase 2	7,850	415,656	4,316	21,961	26,277	389,379	327,626		88,030	415,656	389,379
Maintenance 2019 Bond Phase 2	28,075	34,147	19,487	6,589	26,076	8,071	26,915		7,232	34,147	8,071
Unallocated 2019 Bond	34,318,846	22,028,497				22,028,497	17,363,172		4,665,325	22,028,497	22,028,497
	45,758,075	45,758,075	5,226,302	8,383,298	13,609,600	32,148,475	36,067,162		9,690,913	45,758,075	32,148,475
Smart Schools Bond Improvements	1,213,236	1,213,236	1,206,531		1,206,531	6,705		1,213,236		1,213,236	6,705
Smart Schools Bond Improvements		1,475,500		1,001,803	1,001,803	473,697		1,475,500		1,475,500	473,697
Energy Performance Contract		21,240,702				21,240,702	21,240,702			21,240,702	21,240,702
Totals	$ 75,315,346	$ 98,031,548	$ 30,954,502	$ 10,380,684	$ 41,335,186	$ 56,696,362	$ 66,707,864	$ 2,688,736	$ 28,634,948	$ 98,031,548	56,696,362
Unissued debt											(36,067,162)
Smart Schools Bond Act revenue not yet recognized											(1,482,206)
Fund Balance											$ 19,146,994

See Paragraph on Other Supplementary Information Included in Auditor's Report

CONNETQUOT CENTRAL SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2021

Capital assets, net	$ 140,903,317
Deduct:	
Short-term portion of bonds payable	(5,620,000)
Long-term portion of bonds payable	(15,280,000)
Short-term portion of installment purchase debt	(2,163,308)
Long-term portion of installment purchase debt	(22,346,163)
Less: Unspent debt proceeds	21,240,702
	(24,168,769)
Net investment in capital assets	$ 116,734,548

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 – 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Connetquot Central School District
Bohemia, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary fund of the Connetquot Central School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 21, 2021. That report included a qualified opinion on the extraclassroom activities fund based on a scope limitation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Connetquot Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Connetquot Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Connetquot Central School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

1650 ROUTE 112, PORT JEFFERSON STATION, NEW YORK 11776-3060
PHONE: 631-473-3400 FAX: 631-473-4863 WWW.CDLLP.NET

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Connetquot Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the Connetquot Central School District in a separate letter dated October 21, 2021.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cullen & Danowski, LLP

October 21, 2021

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

FORM OF OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

September , 2022

The Board of Education of
Connetquot Central School District of Islip,
in the County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to Connetquot Central School District of Islip (the "School District"), in the County of Suffolk, a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the $40,000,000 Tax Anticipation Notes for 2022-2023 Taxes (the "Note"), dated and delivered the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon subject to certain statutory limitations. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Note is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the School District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,

APPENDIX E

FORM OF EVENTS NOTICE UNDERTAKING

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

"EMMA" shall mean Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" shall mean "financial obligation" as such term is defined in the Rule.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"Holder" shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

"Issuer" shall mean the Connetquot Central School District, in the County of Suffolk, a school district of the State of New York.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Purchaser" shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of September 15, 2022.

"Rule 15c2-12" shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

"Securities" shall mean the Issuer's $40,000,000 Tax Anticipation Notes for 2022-2023 Taxes, dated September 29, 2022, maturing on June 28, 2023, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;

(7) modifications to rights of Securities holders, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Securities, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

(a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **September 29, 2022.**

CONNETQUOT CENTRAL SCHOOL DISTRICT OF ISLIP

By____
President of the Board of Education